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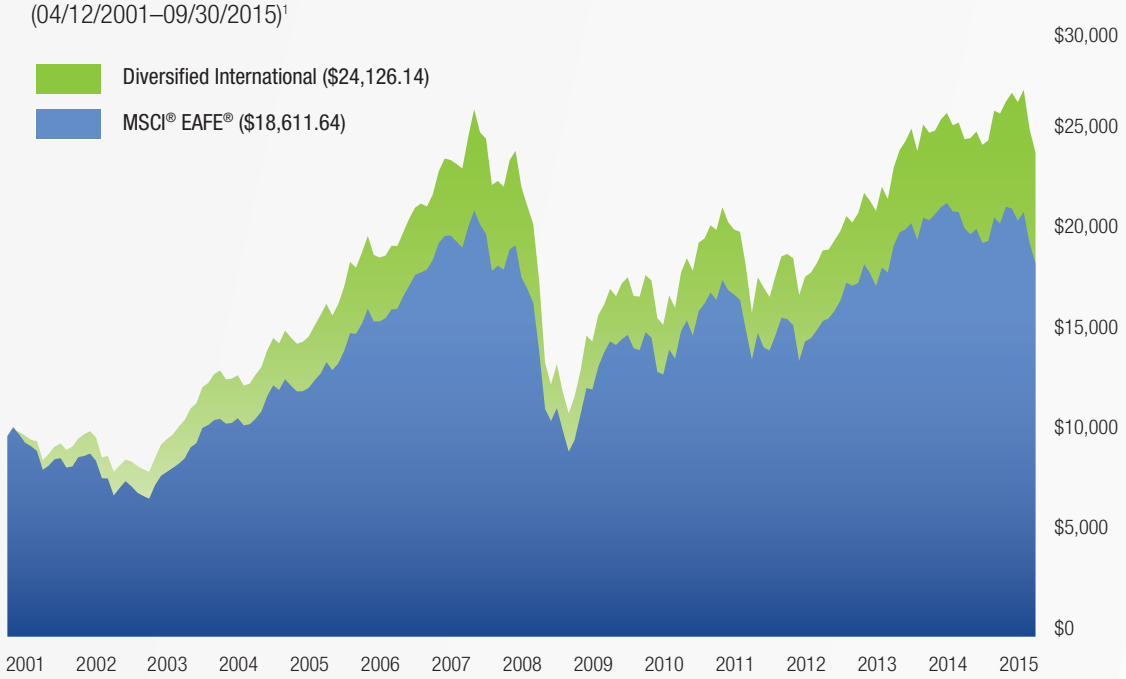
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Hypothetical Growth of $10,000 during manager's tenure
Fidelity® Diversified International Fund (FDIVX) vs. Benchmark
(04/12/2001–09/30/2015)[1]



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Fidelity® Diversified International Fund	–2.74%	7.78%	5.85%	3.80%	6.24%	0.91%
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[1]The chart above illustrates the performance of a hypothetical $10,000 investment made in the fund and a benchmark since the inception date of the product. Benchmark returns include reinvestment of capital gains and dividends, if any, but do not reflect any fees or expenses. It is not possible to invest in an index. This chart is not intended to imply any future performance of the investment product.

[2]Expense Ratio is the total annual fund operating expense ratio from the fund's most recent prospectus.

[3]The MSCI EAFE Index is recognized as the preeminent benchmark in the United States to measure international equity performance. It comprises the MSCI country indexes that represent developed markets outside of North America: Europe, Australasia, and the Far East.

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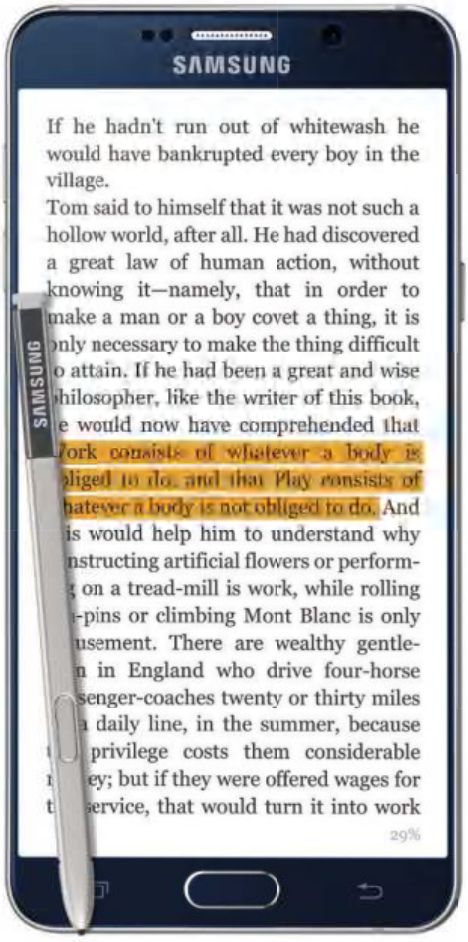
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Panama City's growth has been fast, but success has made commutes slow. To alleviate congestion, the Government of Panama made building a mass transit system a priority. Citi, with a history in the country dating back to funding the Panama Canal, worked with government leaders to arrange financing for the Panama Metro project. The end result: Better access to jobs and healthcare services, as well as reduced greenhouse gas emissions.

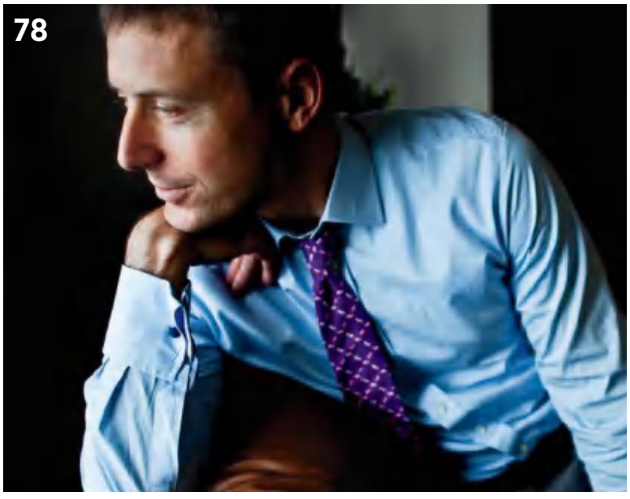
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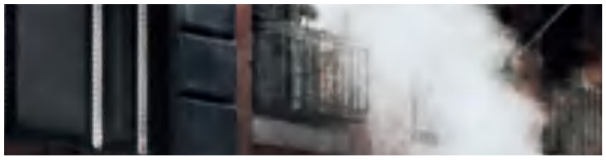
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A CALM IS NOT DESIRABLE
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Our Tradition Of **Smart Advice**

BY LEWIS D'VORKIN

For the last five years I've chronicled dramatic change at FORBES—how we confronted marketplace challenges by upending the labor, compensation and advertising models of traditional media. The results propelled our magazine readership and digital audience to record levels. Throughout there's been one constant: our journalistic commitment to deliver the smartest financial advice possible. This Investment Guide, one of two we publish every year, delivers on that promise in unique ways.

This issue's theme is "The Future of Money." Our coverage features an exciting new list: The FORBES Fintech 50, or the companies that will change your financial life and disrupt your portfolio. We interviewed hundreds of experts and CEOs to come up with the list, which includes startups that are involved in investing and trading; personal finance; lending; payments; small business; crowdfunding; digital currencies; and institutional processes. As always, we pay close attention to real estate, retirement, funds, bonds, stocks, alternative investments, taxes, estate planning and philanthropy.

From her perch in Washington, D.C., Janet Novack has played an influential role in our investment coverage for 29 years. "The core of our philosophy hasn't changed," she says. "We believe investors should diversify, hold down taxes and investment costs when they can and approach skeptically anything that sounds too good to be true." Janet and our money team work hard to provide the sophisticated investing and tax strategies that high-net-worth FORBES readers of our magazine expect from us.

FORBES is well-known in media circles for its cutting-edge approach to digital journalism. That spills over to our financial coverage on the Web. Our expert-contributor model enables us to provide great financial advice to readers of every age and level of wealth. Three reporters, Samantha Sharf, Maggie McGrath and Lauren Gensler, along with dozens of contributors, focus their energies on Millennials, who now make up 45% of Forbes.com's 38 million domestic monthly visitors. "I'm particularly proud," Janet told me, "of our coverage of student debt, credit, budgeting, spending, saving and the human side of money decisions."

For 98 years FORBES has tracked financial markets during good times and bad, always with audience interests in mind. Magazine and digital readers of every age can rest assured we have their financial lives covered in every way.


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THE *NEW YORK TIMES'* LEADEN ANALYSIS OF GOLD

BY STEVE FORBES, EDITOR-IN-CHIEF



THE *NEW YORK TIMES* recently ran an article trashing the idea of a return to a gold standard. A growing number of Republicans, including presidential hopeful Senator Ted Cruz, advocate fixing the value of the dollar to gold.

The *Times* piece encapsulates some of the egregious myths, misunderstandings and just plain ignorance of what a gold standard is all about.

The purpose of a gold standard is to ensure that a currency has a fixed value, just as measures of time, weight and distance are fixed. We don't "float" the number of minutes in an hour or inches in a foot. Yet, strangely, economists believe that constantly changing the value of a currency is good for growth.

For a variety of reasons, which are explained in my new book, *Reviving America*, and in my previous one, *Money*, gold keeps its intrinsic value better than anything else on Earth. It is to value what Polaris is to direction. The daily dollar price changes in gold reflect changing perceptions in the marketplace about the current and future value of the greenback. Gold's value is unchanging.

A few of the widespread misconceptions about gold:

• **Gold restrains economic growth.** It does the opposite. When the value of a currency is stable, investment flourishes—and so does economic activity. For instance, from about two years after WWII to when we cut the dollar's link to the yellow metal in 1971, the average annual growth in our industrial output was an astonishing 5%. After that it slumped to less than half that amount.

Our overall average rate of growth since going off gold more than 40 years ago is measurably lower than it was before.

Linking a currency to gold doesn't mean "price stability"—it means that prices will reflect the actual interplay of supply and demand.

• **Gold dangerously constricts the flexibility of authorities to respond to crises.** No, it doesn't. Gold-based money has nothing to do with the ability of a central bank to mitigate a financial crisis by acting as a "lender of last resort." During a panic or time of distress, a sound bank need merely bring collateral to the central bank for a short-term loan to weather a temporary crisis. When things calm down, the loan is paid off.

• **Gold artificially constrains the money supply, thereby hurting the economy.** This is a variant on the first bullet. Under this myth the money supply is tied to the output of gold mines. If output goes down, so will economic activity.

There are two big things wrong with this. Gold isn't subject to the supply shocks that affect other commodities. For example, it's not like wheat, which, once it's harvested, is mostly consumed. Every ounce of gold ever brought out of the ground is still with us. Annual output averages about 1.5% to 2% of the existing supply.

Second, the amount of gold doesn't restrict the money supply any more than the supply of rulers would restrict the size of a house you might construct. It merely ensures that money has a fixed, stable value. As noted monetary expert Nathan Lewis has pointed out, from 1775 to 1900 the U.S. grew from a small agricultural economy of 2.5 million people to the world's mightiest industrial nation of 76 million people. During most of that time the dollar was fixed to gold. The global output of gold went up 3.4-fold, yet the U.S.' money supply burgeoned 163-fold.

What virtually all economists fail to grasp today is that you can have a gold-based currency without owning a single ounce of gold. We could set the dollar/gold ratio at, say, $1,100 an ounce. If the price rose above that level, it would mean there was too much money in the economy, and the Fed would tighten. If it dropped below, the Fed would ease.

The crux of the gold debate is about power: The *New York Times* and many economists like the idea of government dominating the economy; honest money advocates don't. F

FORBES ALL-STAR EATERIES IN NEW YORK

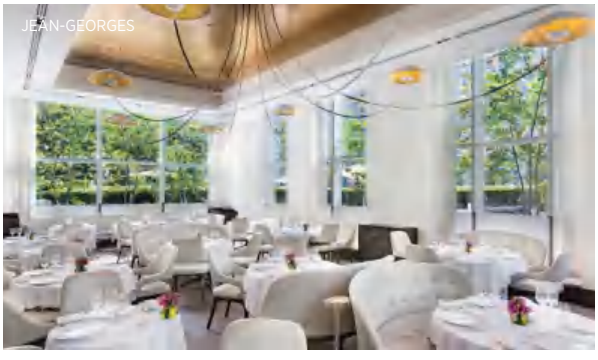
In a world in which economies continually disappoint and barbarians gain strength, the escapist appeal of a splendid meal is ever more irresistible. The renderings of chefs at the Big Apple's finest restaurants unceasingly surpass previous feats. Several of these chefs are to the culinary arts what Michelangelo and other masters were to painting and sculpture. Our stellar team of tasters—Forbes Media CEO Mike Perlis, FORBES Editor Randall Lane, FORBES contributor Richard Nalley and media maven Monie Begley, as well as brothers Bob, Kip and Tim—shine a light on where to find the city's most savory comestibles.

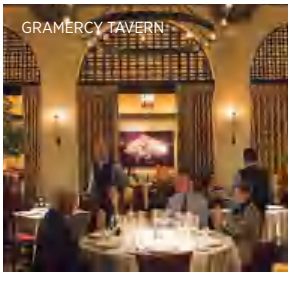
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Atera	**élan**	**La Grenouille**	**Nobu / Nobu 57**
Bâtard	**Eleven Madison Park**	**Le Bernardin**	**Per Se**
Blue Hill	**The Four Seasons**	**Le Cirque**	**The River Café**
Bouley	**Gotham Bar and Grill**	**Locanda Verde**	**Rosanjin**
Daniel	**Gramercy Tavern**	**Marea**	**Tocqueville**
Del Posto	**Jean-Georges**	**The Modern**	**'21' Club**

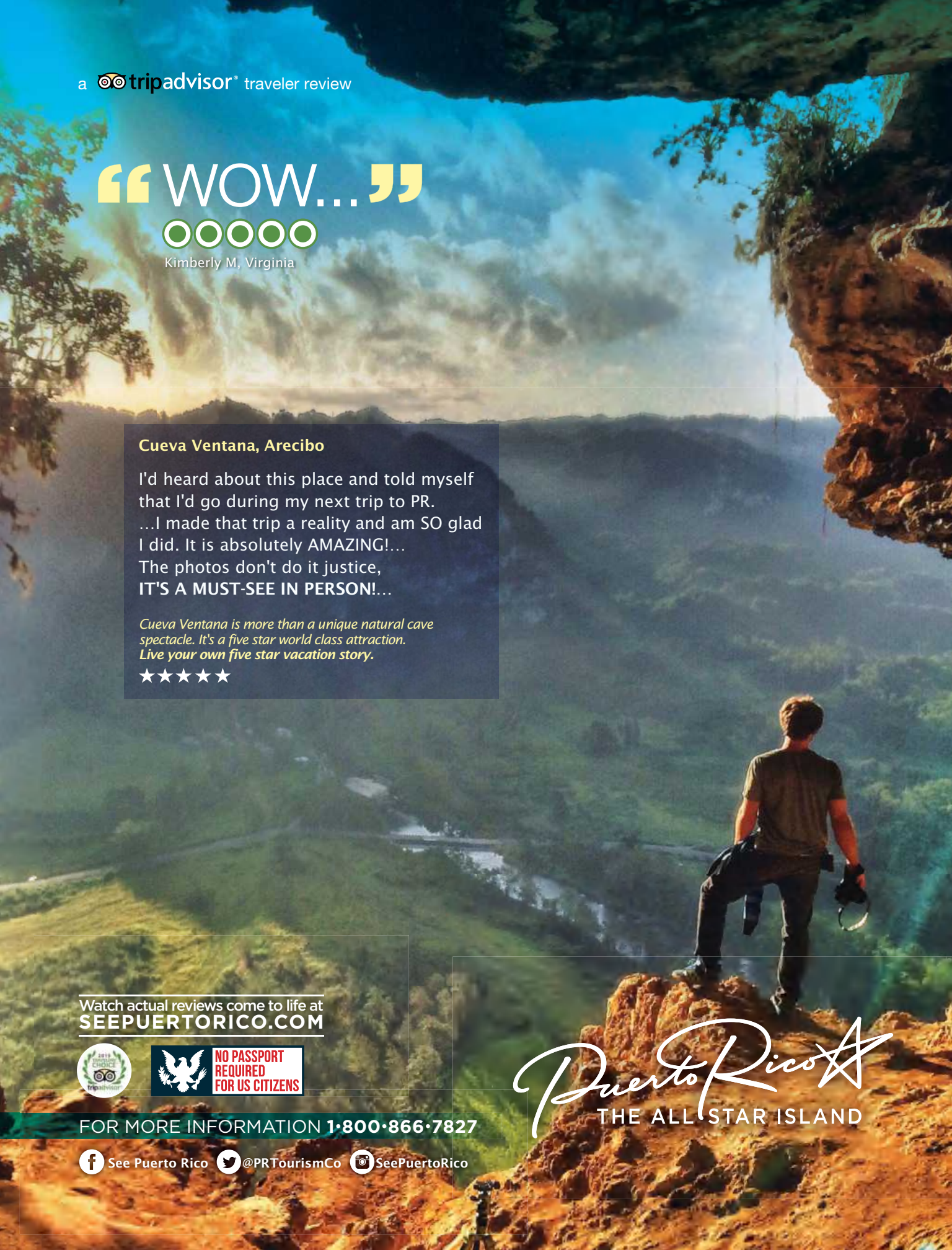
La Grenouille returns to the firmament and is at the top of its game with its flawless fare—and the flower arrangements are more spectacular than ever. The romantic dining room at **Bouley** offers up consistently fantastic French cuisine with a locavore accent and creative contemporary flare. The classic porcini flan with crab and black truffle is sublime. **The River Café** remains a magical setting after a one-year closure and renovation following Hurricane Sandy. **Gramercy Tavern** continues to set the standard for exquisite food paired with impeccable yet understated service. **The Modern,** placed beside MoMA's sculpture garden, serves meals as pleasing to the palate as they are to the eye. Every choice at David Waltuck's **élan** simply soars.


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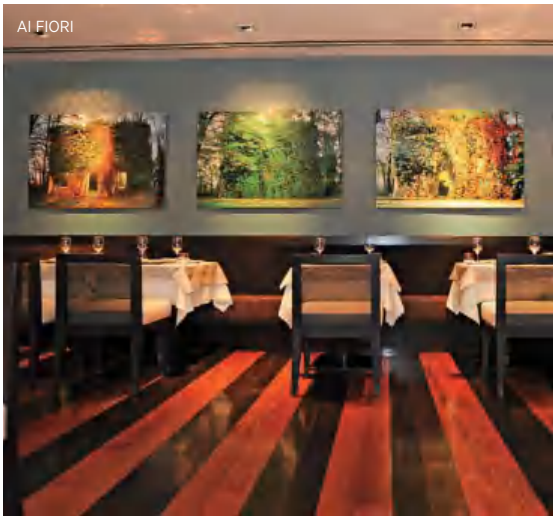

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"WOW..."
Kimberly M, Virginia
Cueva Ventana, Arecibo
I'd heard about this place and told myself that I'd go during my next trip to PR.
...I made that trip a reality and am SO glad I did. It is absolutely AMAZING!...
The photos don't do it justice,
IT'S A MUST-SEE IN PERSON!...
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NoMad Hotel
Osteria del Circo
Perry St
Peter Luger Steak House
Porter House New York
Shun Lee Palace
The Simone
Vaucluse
Waverly Inn

The classic town house setting and its dozen generously spaced tables make dining at **The Simone** an amazingly intimate and romantic French-American experience. Situated in the old Oscar's space at the Waldorf, **La Chine** eschews decor minimalism in favor of shimmering silver and gold wall coverings and sinuous wrought-iron and velvet banquettes. The exquisitely prepared Cantonese food is superb. In setting aside his passion for all things Italian at his elegant, new French restaurant, **Vaucluse**, chef Michael White deliciously demonstrates that his genius isn't limited by national borders. The marvelous, Alsatian-influenced fare at **Gabriel Kreuther** is served with a bit of the magical theater that its namesake chef conjured when he was at The Modern. **Dirty French** provides a buzzy, fun and sometimes head-spinning riff on delicious treats, such as a mille-feuille that's produced with sheets of paper-thin mush-


LA CHINE


AI FIORI

rooms instead of pastry. **The Clocktower**'s handsome, clubby rooms present some of the best high-end fare in town—with none of the usual pretension. In a city overrun with Italian eateries **Antonucci Cafe** is a gem. With its cozy rooms filled with flowers and elegant French decor **JoJo** is a romantic spot even in daylight. **Café Boulud**'s many fans love its well-spaced tables and ultra-civilized service, as well as its always scrumptious classic French dishes. The sense of being in a speakeasy at **Beatrice Inn**'s underground location is reinforced by the waiters dressed in long aprons, white shirts and black neckties and the memorable American menu. **Perry St**'s dining room is as soothing and elegant as ever and provides a delectable Asian twist on classic dishes, such as a sriracha-citrus emulsion atop seared tuna.


EATALY

ABC Cocina—Even wall-loving nativists will fall for this luscious Latin American cuisine.
American Girl Cafe—Any preteen daughter or granddaughter will feel this is *the* place to go in the Big Apple.
Aquagrill—You can't go wrong with its raw bar or delicious and beautifully prepared standards and specials.
BAKERIES: **Bakeri** / **Billy's Bakery** / **Buttercup Bake Shop** / **ChikaLicious** / **Cupcake Café** / **Dominique Ansel Bakery** / **Ferrara** / **Four & Twenty Blackbirds** / **Magnolia Bakery** / **Serendipity 3**—Helping to make life sweeter.
Bar Primi—You can order things like the highly touted roast beef sandwich, but once you've sampled such unique items as the squid-ink campanelle with crab in a garlic cream sauce, you'll be cured of that notion.
BBQS: **Dinosaur** / **Fette Sau** / **Hill Country** / **Hometown** / **Mighty Quinn's**—These lead the herd for the best barbecue in New York.
Black Barn—Has perhaps the most authentic decor of the "farm-to-table" fooderies and puts out many classic dishes, as well as delectable updates.
Center*Bar—Offers a checklist of seriously fun and devilish cocktails, delicious small plates of Mediterranean treats and live jazz piano in the background.
The East Pole—Very popular Upper East Side spot; British-influenced American food with seafood choices.
E.A.T.—Delectable upscale deli.
FAIREST OF THE FOOD HALLS: **Eataly** / **Gansevoort Market** / **Gotham West Market** / **Le District** / **The Plaza** / **Smorgasburg** / **UrbanSpace Vanderbilt**—Come hungry, come curious and bring cash.
Gato—Marvelous Mediterranean meals.
Ilili—Best Lebanese restaurant in town.
Keens Steakhouse—Red meat mecca.
Kings' Carriage House—Delightful throwback to another century, situated in a tiny town house on two floors.
La Vara—Creatively engaging blend of Moorish, Jewish and Spanish influences.
The Little Beet Table—Though the menu is limited, what's on it is first-rate.
Little Park—Excellent eats with seasonal ingredients from local farmers, anglers, vintners, ranchers and foragers served in an earthy metropolitan environment.
Má Pêche—Unique and appetizing blend of American and Vietnamese fare.
North End Grill—Remains the belle of the ball in Battery Park's booming culinary scene; its popcorn soufflé with salted butterscotch reigns supreme.
Petrossian—The czar of caviar.
PIZZERIA PIECES DE RESISTANCE: **Di Fara** / **Joe's** / **Juliana's** / **Kesté** / **L'Amico** / **Lucali** / **Marta** / **Motorino** / **Roberta's** / **San Matteo**—Gourmet meals in the round.
Pok Pok NY—Big Apple's best Thai food.
The Polo Bar—The ultimate Ralph Lauren experience.
Red Rooster Harlem—Cool, cool, cool—and delicious.
Rotisserie Georgette—This charming brasserie on the Upper East Side delivers a mean poulet frites and a scrumptious Pavlova, among other delights.
Sadelle's—Perfect place to start the day or to refuel after a buying spree in SoHo. Wonderful selection of classic deli and corner-cafe breakfast and lunch items, with bagels, breads and pastries baked on the premises.
Swifty's—Go here to feel young and enjoy great food.
Tribeca Grill—Celebrating 25 years, this true American brasserie robustly continues to serve distinctive dishes and to stock an amazing wine cellar.
Untitled—Perfect complement to the new downtown Whitney Museum. The vegetable-focused menu—which includes fish, fowl and meat—is as beautifully executed and presented as the museum's iconic American paintings and sculpture.
Upland—Airy eatery with great food served in ample portions. Surprisingly good acoustics.
Vin Sur Vingt—Three sleek wine bar locations that offer under-the-radar and mostly organic French wine—over 50 choices by the glass—at reasonable prices, as well as notable bistro food.


UNTITLED



Foreign investments may be volatile and involve additional expenses and special risks including currency fluctuations, foreign taxes and geopolitical risks. Emerging and developing market investments may be especially volatile. **Class Y shares are not available to all investors. Please consult your financial advisor to determine if you are eligible to purchase.**



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HOME EQUITY

American Pastoral

DRIVE 20 MINUTES north from central Greenwich, Conn.—the stately anteroom of Wall Street finance—and you'll find Conyers Farm, a bucolic gated neighborhood that unfolds over 1,000 acres. This is where Greenwich's real money lives, and not all of it originates in the canyons of lower Manhattan. Sure, the neighborhood has its share of Wall Street riches, but it's also home to a (retired) NBA star, a department store executive chairman and an early Internet mogul.

Conyers Farm was once a working farm owned by 19th-century banker Edmund C. Converse. In 1981 it was bought by Peter M. Brant, longtime CEO of White Birch Paper Co. and husband of 1980s-era supermodel Stephanie Seymour, and his business partner, Joseph Allen. The property was divided up and the parcels resold.

Today Conyers Farm mansions on the market range from $5.5 million to $65 million. The homes, many of them in Georgian or English manor style, sit tucked amid lush fields and dense woods near the Greenwich Polo Club, home to the White Birch Polo Team, one of the country's best.



JAMES CLARK
NETSCAPE COFOUNDER
(NET WORTH: $1.9 BILLION)
PROPERTY VALUE: $27.5 MILLION
(2014 SALES PRICE)

Clark bought his 32.9-acre lot from director Ron Howard last year. The home sports an observatory, a greenhouse, rose and boxwood gardens and a gym with a yoga studio. The main residence has six bedrooms, five full baths and four partial baths over 17,200 square feet; there's also a two-bedroom Craftsman-style guesthouse.



THOMAS PETERFFY
INTERACTIVE BROKERS FOUNDER
(NET WORTH: $14.3 BILLION)
PROPERTY VALUE: $65 MILLION
(CURRENT LISTED PRICE)

Peterffy's palace is the gem of Greenwich—and, should it change hands for its asking price, will be the priciest Conyers property ever sold. The main home is 8,038 square feet, with seven bedrooms and 8.5 bathrooms, a sauna, steam shower, solarium, butler's pantry and wine cellar. There are two guesthouses: a three-bedroom cottage in what was once the original farm's private fire station, and another four-bedroom space. On the grounds are the ruins of an enormous barn and a 22-stable stall with its own caretaker's apartment; Peterffy, an avid equestrian, keeps five German warmblood horses on the property.

STEVE COHEN
SAC CAPITAL FOUNDER
(NET WORTH: $12 BILLION)
PROPERTY VALUE: $18.1 MILLION
(2015 ASSESSED VALUE)

The hedge-fund bad boy bought this 35,000-square-foot manse—which features a glass-enclosed pool, ice-skating rink and two-hole golf course—in 1998. There are four buildings across its 14 acres (which technically fall just outside Conyers Farm proper), so Cohen has plenty of space to display his renowned trove of art. His purchases include Damien Hirst's shark in formaldehyde; his collection is estimated to be worth almost $1 billion.





ALLAN HOUSTON
FORMER NBA PLAYER
PROPERTY VALUE: $19.9 MILLION (CURRENT LISTED PRICE)
The 26-room, 19,387-square-foot house has a hoops half-court (natch) as well as a trophy room, sauna, steam room, soundproof theater and kitchen featuring luxury Calacatta marble. Should he get bored with basketball, the retired Knicks shooting guard can work on his short game on the property's putting green.

RICHARD BAKER
HUDSON'S BAY EXECUTIVE CHAIRMAN
PROPERTY VALUE: $8.9 MILLION (2014 ASSESSED VALUE)
After a hectic day amid the rigors of trade, the head of Lord & Taylor and Saks can unwind at his 14.1-acre estate. He likely got it for a steal, paying $8.6 million for it in 2012 after a previous owner went bankrupt during the financial crisis.

LINDA MCMAHON
WORLD WRESTLING ENTERTAINMENT COFOUNDER AND FORMER CEO
PROPERTY VALUE: $7.2 MILLION (2015 ASSESSED VALUE)
The first lady of pro wrestling keeps a firm choke hold on information about her Conyers Farm digs, but county records show that the two-building estate is situated on 10 acres of land.

BY ABRAM BROWN
PHOTOGRAPHS COURTESY BING.COM

ANDRE ESTEVES
–$610 MILLION
NET WORTH: $1.9 BILLION
Founder of Brazilian bank BTG Pactual thrown in jail amid corruption investigation. He and bank deny wrongdoing; shares plummet anyway.



PHILANTHROPY

America's Largest Charities

THESE ARE GOOD TIMES FOR GIVING. The 50 nonprofits on our annual list posted an 8% increase in donations last year, receiving a collective $33 billion. That's 9% of all gifts made to the nation's 1.5 million nonprofits. Our ranking includes only groups that rely on the general public, so you won't see the Bill & Melinda Gates Foundation or universities, which draw support primarily from their alumni. On a weighted average the top 50 charities are admirably efficient, with 87% of their spending going directly to charitable services. Their average cost to raise $1 was just 8 cents. More on how to evaluate a charity's efficiency and other details, including top officials' pay, is at forbes.com/top-charities.



MEMORIAL SLOAN KETTERING CANCER CENTER
CEO Craig Thompson *(left)* hauls in $2.9 million a year, making him the highest-paid executive on the list.

GOODWILL INDUSTRIES
Founded in 1902 by a Methodist minister, Goodwill now hauls in $5.4 billion in revenue a year, more than retailers Burlington Coat Factory and Big Lots.



BOYS & GIRLS CLUBS OF AMERICA
LeBron James' foundation has renovated 23 Boys & Girls Clubs across the country, including the beat-up one in Akron, Ohio where he played hoops as a child.



		DONATIONS ($MIL)	CHARITABLE COMMITMENT[1]	FUNDRAISING EFFICIENCY[2]
1	**United Way**	$3,873	86%	91%
2	**Salvation Army**	2,116	82	90
3	**Feeding America**	2,016	99	99
4	**Task Force for Global Health**	1,609	100	100
5	**St. Jude Children's Research Hosp.**	1,080	72	83
6	**YMCA of the USA**	934	85	86
7	**Goodwill Industries International**	927	89	97
8	**Food for the Poor**	908	96	96
9	**Direct Relief**	892	99	100
10	**American Cancer Society**	840	74	79
11	**World Vision**	832	85	87
12	**Boys & Girls Clubs of America**	821	80	88
13	**Habitat for Humanity International**	774	84	86
14	**Compassion International**	765	82	89
15	**Catholic Charities USA**	757	88	89
16	**American National Red Cross**	735	90	75
17	**Lutheran Services in America**	723	86	90
18	**Patient Access Network Foundation**	659	99	100
19	**Mayo Clinic**	615	85	94
20	**United States Fund for UNICEF**	599	90	94
21	**Nature Conservancy**	596	71	85
22	**AmeriCares Foundation**	558	98	98
23	**American Heart Association**	546	78	85
24	**Cru**	496	84	91
25	**Samaritan's Purse**	467	89	93
26	**Step Up for Students**	$456	99%	100%
27	**Save the Children Federation**	448	90	92
28	**Feed the Children**	394	90	93
29	**Boy Scouts of America**	393	89	96
30	**Planned Parenthood Fed. of America**	392	82	84
31	**Memorial Sloan Kettering Cancer Ctr.**	385	96	85
32	**CARE USA**	382	90	94
33	**Catholic Medical Mission Board**	371	98	99
34	**Doctors Without Borders USA**	332	89	91
35	**Catholic Relief Services**	328	92	92
36	**Operation Blessing Intl. Relief & Dev.**	325	99	99
37	**MAP International**	318	99	99
38	**Wounded Warrior Project**	314	77	86
39	**Good 360**	309	99	100
40	**American Jewish Joint Dist. Comm.**	305	91	96
41	**Leukemia & Lymphoma Society**	302	76	83
42	**Project HOPE**	282	96	97
43	**Dana-Farber Cancer Institute**	280	81	92
44	**Make-A-Wish Foundation of America**	276	76	85
45	**Marine Toys for Tots Foundation**	272	97	97
46	**Rotary Foundation of Rotary Intl.**	254	91	94
47	**Public Broadcasting Service**	253	94	100
48	**Metropolitan Museum of Art**	250	87	96
49	**Cross International**	248	95	98
50	**Brother's Brother Foundation**	244	99	100

[1]Charitable services as a percentage of total expenses.
[2]Percentage of private donations remaining after fundraising expenses.
SOURCES: IRS Form 990; annual report or statement of individual charities for latest available annual period.



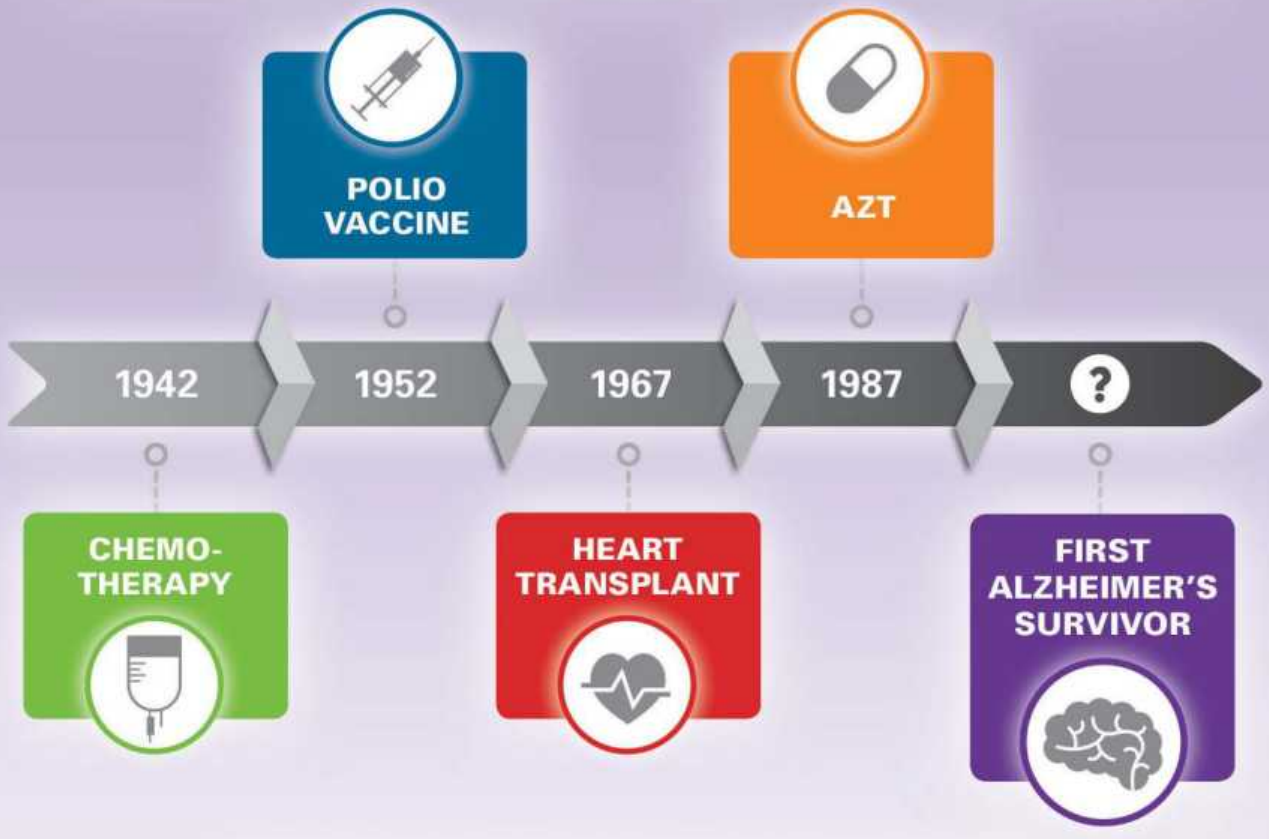
MAKE-A-WISH FOUNDATION
The charity has granted more than 220,000 wishes for sick children, including sending one on a zero-gravity flight.



PUBLIC BROADCASTING SERVICE
PBS draws a larger prime-time audience for news programming than CNN.

BY WILLIAM P. BARRETT AND DAN ALEXANDER
MICHAEL STEWART/GETTY IMAGES; GETTY; STEPHEN BRASHEAR/AP; JULIO CORTEZ/AP CHRIS RATCLIFFE/BLOOMBERG (TOP)

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THE BRAINS BEHIND SAVING YOURS.

MDeC: INVESTING IN ASEAN

By Jeremy Torr

ASEAN (the Association of Southeast Asian Nations) has been described as the overlooked jewel of Asia. It is a lucrative market with a huge—and increasing—number of opportunities for global MNCs and investors to tap into the Asian region's high-tech markets. And Malaysia offers the perfect gateway into this new and booming market.



Dato' Yasmin Mahmood, CEO of MDeC

Malaysia has long been known as a strong base for the high-tech industry sector. In 1996, in an effort to further boost this burgeoning sector, the Malaysian government set up the Multimedia Development Corporation (MDeC).

Since then, globally recognized technology innovators like Intel, Philips, Dyson, Sony, National Panasonic, Huawei and Agilent have set up operations in Malaysia and have used the country as a base to expand across the ASEAN region.

Today, MDeC is committed to overseeing the development of the innovative MSC Digital Malaysia initiative, a platform to nurture the growth of locally based companies in the technology industry according to global standards. MDeC is committed to the ongoing support of digital technology clusters in information and communications technology (ICT), global business services and creative multimedia, with a special focus on big data analytics, the Internet of Things (IoT) and e-commerce. MDeC works to capitalize on the fastest-developing technology trends within each of these key markets.

Ensuring Ideal Market Conditions for Multinationals

ASEAN has seen the rise of a burgeoning middle class over the last decade that puts a heavy emphasis on education, innovation and the adoption of disruptive new technologies—all of which provide ideal conditions for economic growth. Today, according to consulting firm McKinsey, ASEAN ranks as the world's seventh-largest economy—a formidable and rapidly expanding market.

ASEAN has also become today's fourth-largest exporting region globally. And with a strategic position in the heart of Asia that is within easy trading distance of the massive markets of China, India and Japan, ASEAN is already an economic phenomenon.

Meanwhile, Malaysia—at the geographical center of ASEAN—offers proven resources, excellent infrastructure and educational institutions, plus a skilled and reliable workforce, and a steady and predictable 5.6% growth rate. Better yet, the MSC Malaysia initiatives offer investors a set of incentives, rights and privileges on behalf of the Malaysian government.

To help provide the best environment for business success for MNCs investing in a new Southeast Asian strategy, the MSC Malaysia Bill of Guarantees offers unmatched support for investors, including world-class physical and information infrastructure, fast-tracked employment of local and foreign knowledge workers, freedom of ownership, competitive financial incentives, tax exemption or allowances, and zero-rated import duties on multimedia equipment.

Expansion Potential

Today, ASEAN cities—including the Malaysian capital of Kuala Lumpur—collectively account for more than 65% of the region's GDP, and they are growing fast. By 2030, roughly 90 million more city-dwellers are expected to drive the ASEAN consumer population to over 260 million, further boosting the region's GDP to an estimated US$520 billion to US$930 billion worth of extra business.

Malaysia has created the perfect launch pad for potential investors in the region. According to Dato' Yasmin Mahmood, chief executive officer of MDeC, the organization



PARC MoU exchange by Stephen Hoover, CEO of PARC, and Dato' Dan E Khoo, President of MDeC Americas (left to right), witnessed by Aki Ohashi, PARC's Director of Business Development, and Dato' Yasmin Mahmood, CEO of MDeC (back row, left to right)

will continue to focus on expanding Malaysia's base of knowledge workers. "MDeC's talent-development initiatives continue to play a crucial part in the effort to boost workforce skills across the ICT industry," she explains, and "the digital economy is a key building block for Malaysian and ASEAN prosperity."

Talent is only one part of Malaysia's appeal, however. MDeC is keen to point out that the average wage benchmark in Malaysia is significantly lower than that of regional competitors, despite high levels of workforce capability and availability. The country is expanding beyond basic customer relationship management (CRM), and is now establishing itself as the go-to regional base for MNCs looking to establish new customer database, marketing, data center and automated sales operations.

As a key global center of expertise in Islamic finance, Malaysia is also the perfect base for investors looking at high-growth Sharia-compliant financial services across ASEAN and beyond.

Firmly committed to developing an advanced digital economy, driven by a productive and enlightened citizenry, and guided by a forward-looking government, Malaysia has big plans for the future.

For any investor looking into high-tech investment in ASEAN, there is only one first stop: Malaysia. ■

NEW HORIZONS

This past November, MDeC signed a landmark agreement with the famous Xerox Palo Alto Research Center (PARC) to collaborate with and leverage Silicon Valley's innovative technology ecosystem. The collaboration marks a "key milestone" for MDeC, says CEO Dato' Yasmin Mahmood, who explains that it will facilitate IP exchange, investment opportunities and shared R&D programs between Silicon Valley and Malaysia's Multimedia Super Corridor (MSC).

To complement the agreement, MDeC has opened a new office in Silicon Valley. The new entity, MDeC Americas Inc., will spearhead Malaysian access to Silicon Valley's innovative ecosystem and also act as a globalization launch pad for Malaysian ICT businesses.

The office is a first for MDeC, and will serve as a unique gateway for investors and businesses with its ability to help MSC Malaysia companies access the global arena and expose them to world-class R&D and technological breakthroughs.

"This multifaceted collaboration connects the best of MSC Malaysia's intellectual property with that of Silicon Valley and creates a unique opportunity to spawn new breakthroughs in digital technology," agrees Dato' Dan E Khoo, president of MDeC Americas.



Let us steer you in the right direction. Here at MDeC, we can connect you to a host of world-class business and technology solutions to suit your global services needs. Supported by a market-oriented economy, pro-business Government policies, first-class infrastructure, and a wealth of multicultural, multilingual knowledge workers - all in a dynamic business environment that is cost-competitive. Strategically-located at the heart of Asia, Malaysia is certainly your gateway to success in the region.

For even more compelling reasons to invest in Malaysia, visit www.mdec.my/investmalaysia or call +60383153000

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Multimedia Development Corporation Sdn Bhd (389346-D)

LeaderBoard

JOHN TYSON
+$200 MILLION
NET WORTH: $1.5 BILLION
A year after his Tyson Foods paid top dollar for rival Hillshire Brands, results are in: more revenue, bigger margins, huge profits.



NEW BILLIONAIRE

The Right Ingredients

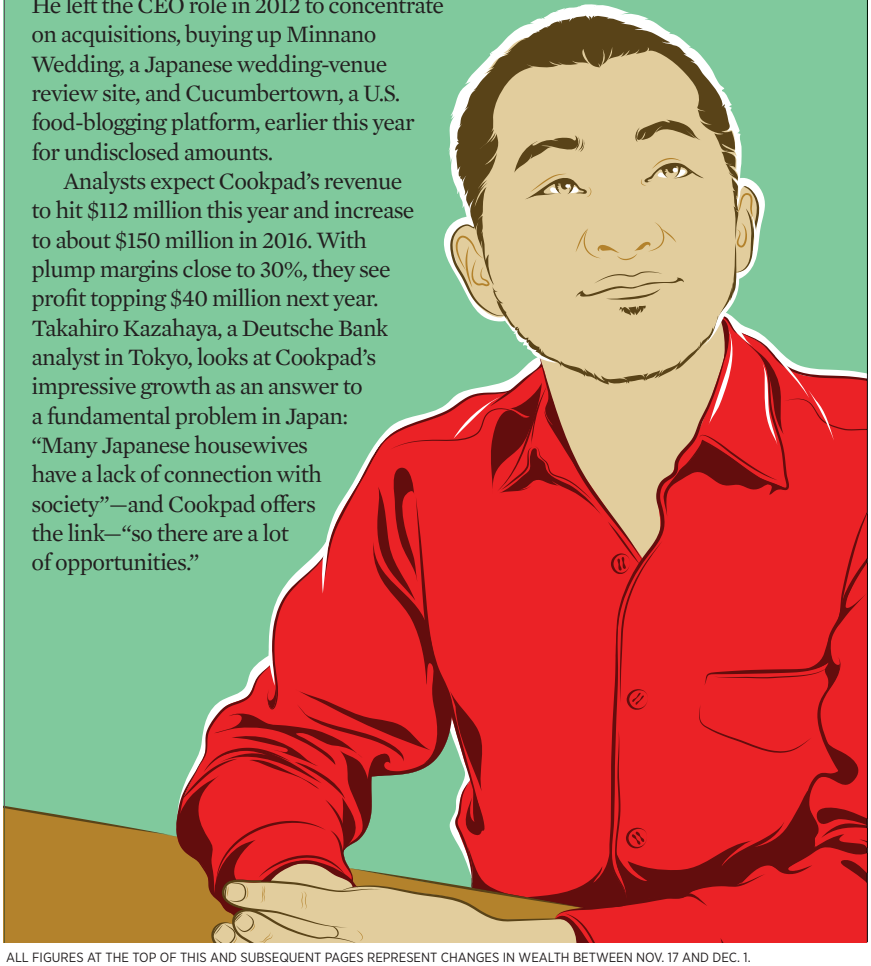
Akimitsu Sano has whipped up a billion-dollar fortune by teaching younger Japanese how to cook.

ENJOYING A HOMEMADE MEAL in the Land of the Rising Sun? The recipe probably came from Akimitsu Sano. His Japan-based Cookpad.com enables its 58.8 million users to share and find recipes to prepare at home—2.1 million recipes in all, from traditional regional Japanese specialties like grilled-squid pancakes to exotic Western recipes for pasta Bolognese and cheesecake.

Cookpad has expanded its user base twelvefold in the past seven years, making it the 55th-most-viewed website in Japan; more than half of all Japanese women in their 20s and 30s visit it. Sano, who founded the company in 1997, took it public in 2009. Revenue has soared 80% since then to $65 million last year (netting a profit of $19 million), and the stock is soaring. Shares have risen 20% in just the past month, making Sano's 44% stake in the company worth more than $1 billion.

Sano, 42, rarely speaks to the press, and few personal details about him have emerged. What is known is that after graduating from Japan's prestigious Keio University, he started work on Cookpad. He left the CEO role in 2012 to concentrate on acquisitions, buying up Minnano Wedding, a Japanese wedding-venue review site, and Cucumbertown, a U.S. food-blogging platform, earlier this year for undisclosed amounts.

Analysts expect Cookpad's revenue to hit $112 million this year and increase to about $150 million in 2016. With plump margins close to 30%, they see profit topping $40 million next year. Takahiro Kazahaya, a Deutsche Bank analyst in Tokyo, looks at Cookpad's impressive growth as an answer to a fundamental problem in Japan: "Many Japanese housewives have a lack of connection with society"—and Cookpad offers the link—"so there are a lot of opportunities."



RICHEST BY STATE

New Mexico



POPULATION:
2.1 MILLION

2014 GROSS STATE PRODUCT:
$92 BILLION (1% GROWTH)

GSP PER CAPITA:
$44,089
(RANKS NO. 39 NATIONWIDE)

RICHEST: **MACK C. CHASE**
$650 MILLION

NO MATTER THE DAY, you'll find Mack C. Chase in downtown Artesia, N.M. (pop. 11,800). Just off West Main Street there's a small-town shrine to Chase—a bronze statue of him standing next to his former business partner Johnny Gray, shirtsleeves rolled up past his elbows, leaning on the hood of a Ford pickup truck.

Pioneers originally came to Artesia for its plentiful water supply, but they grew wealthy from something else beneath the ground: oil. From those oilfields Chase, 84, extracted his fortune. One of eight children, he went to work on the wells at age 14 before serving as a mechanic in the Korean War. Back home he began working on wells with his brother and father.

He failed in his first attempt to strike out on his own (one of his oil rigs caught fire, bankrupting him), but he hit it big after partnering with Gray, a local driller, in the mid-1970s. They formed Marbob Energy—named after their wives, Marilyn and Bobbie—which bought and fixed up old, low-production wells, later expanding into drilling. After parting ways in 1992, Chase started Mack Energy. Today the $175 million (est. sales) business pumps out about 2,500 barrels of oil per day in New Mexico and western Texas.

Chase has concentrated his philanthropy largely on Artesia—improving the local high school football stadium and partially paying for college for any graduate who has a 3.0 GPA or better. And despite his wealth he lives in the same modest home he bought three decades ago and drives to the office in a Dodge Ram.

ALL FIGURES AT THE TOP OF THIS AND SUBSEQUENT PAGES REPRESENT CHANGES IN WEALTH BETWEEN NOV. 17 AND DEC. 1.
SOURCES: INTERACTIVE DATA VIA FACTSET RESEARCH SYSTEMS; FORBES.

NEW BILLIONAIRE BY CHLOE SORVINO; RICHEST BY STATE BY CHASE PETERSON-WITHORN
ILLUSTRATIONS BY AARON SACCO (LEFT) AND CHRIS LYONS (RIGHT); ADAM DEAN/ BLOOMBERG (TOP)


ROCKSTAR
Elevate IT and be a smash hit with
Invisible Infrastructure
Nutanix delivers invisible infrastructure for next-generation enterprise computing, elevating IT to focus on the applications and services that power their business. Our software-driven Xtreme Computing Platform natively converges compute, virtualization and storage into a single solution to drive simplicity in datacenters and cloud-like infrastructure consumption.
NUTANIX
nutanix.com/hero

When I grow up,
I want
to be a chef!

**Last year Sarah was too sick to dream.
She has Primary Immunodeficiency or PI.
Thanks to the Jeffrey Modell Foundation,
she was properly diagnosed and treated...
Now her future is sweet.**

Jeffrey Modell Foundation

info4pi.org

25 years of helping children reach for their dreams



now I have a chance ♡



BILL ACKMAN



INVEST LIKE

At Forbes, we've been studying the great wealth creators of our time for over 98 years.

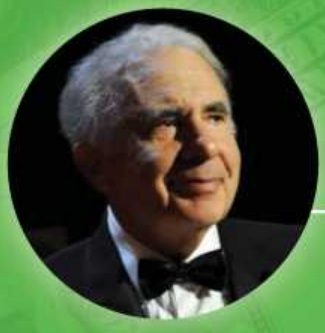
Over this long period of time, what's been clear is that the world's richest have amassed their wealth by thinking differently and acting differently than the average man. Most importantly, they've seen trends before they've happened. And they've acted!

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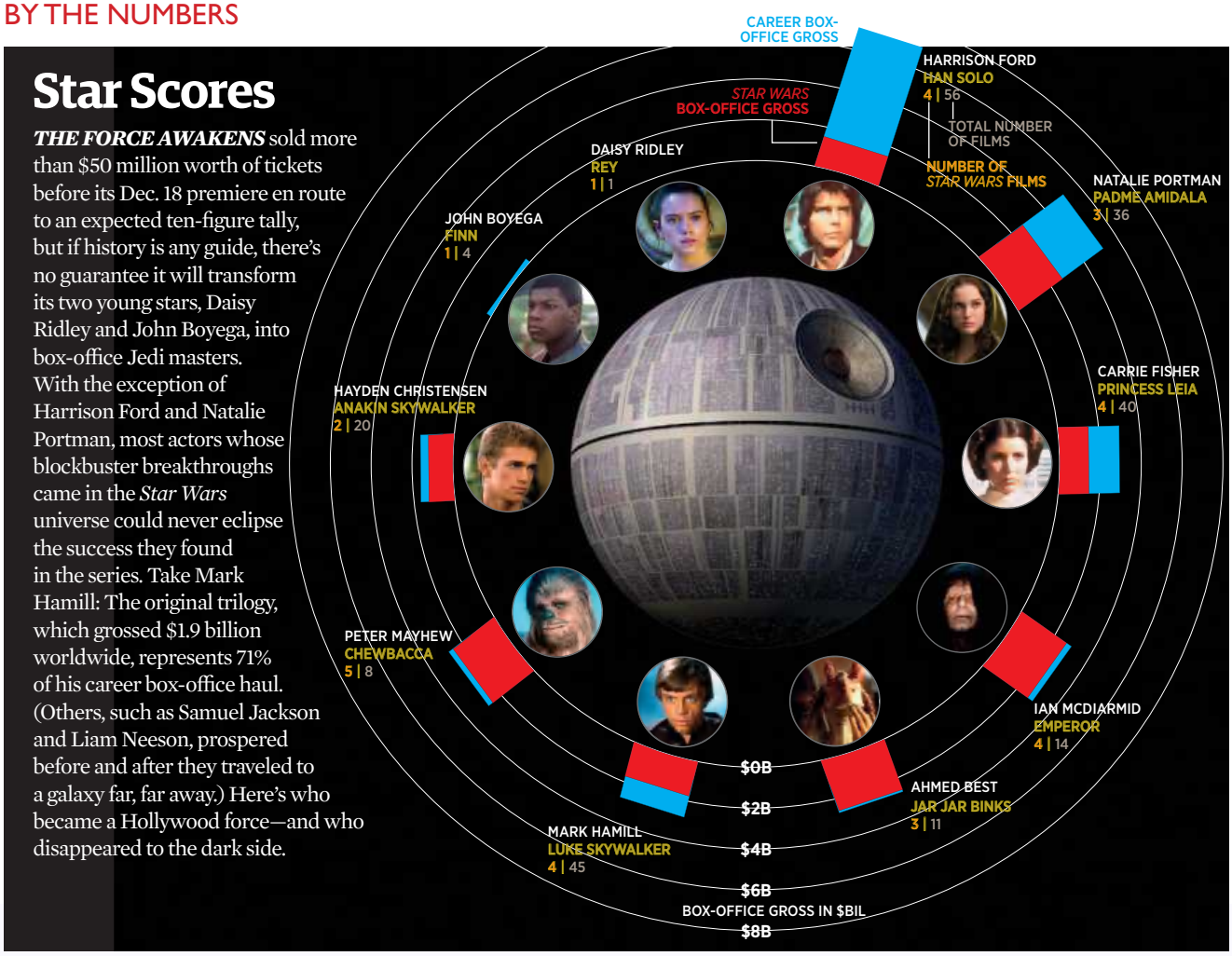
PHIL KNIGHT
+$1.8 BILLION
NET WORTH: $27.7 BILLION
Investors cheer as Nike announces a 2-for-1 stock split, record dividends and a $12 billion buyback program.



BY THE NUMBERS

Star Scores

THE FORCE AWAKENS sold more than $50 million worth of tickets before its Dec. 18 premiere en route to an expected ten-figure tally, but if history is any guide, there's no guarantee it will transform its two young stars, Daisy Ridley and John Boyega, into box-office Jedi masters. With the exception of Harrison Ford and Natalie Portman, most actors whose blockbuster breakthroughs came in the *Star Wars* universe could never eclipse the success they found in the series. Take Mark Hamill: The original trilogy, which grossed $1.9 billion worldwide, represents 71% of his career box-office haul. (Others, such as Samuel Jackson and Liam Neeson, prospered before and after they traveled to a galaxy far, far away.) Here's who became a Hollywood force—and who disappeared to the dark side.



WEALTH WATCH

2015's Biggest Winners

THESE BILLIONAIRES had a better year than any other American ten-figure titans. Only one person, Amazon's Jeff Bezos, ranks among both top dollar *and* percentage gainers—no small feat for a man as wealthy as he is. Bezos is now the fourth-richest person on earth, taking the spot of Mexico's Carlos Slim Helú, who was the world's biggest dollar loser this year, down $14.2 billion.



BIGGEST DOLLAR GAINERS

		DOLLAR GAIN ($BIL)	NET WORTH ($BIL)
JEFF BEZOS	AMAZON	**$29.5**	**$58.4**
MARK ZUCKERBERG	FACEBOOK	**11.2**	**45.6**
LARRY PAGE	ALPHABET	**9.2**	**38.4**
SERGEY BRIN	ALPHABET	**8.9**	**37.6**
MICHAEL BLOOMBERG	BLOOMBERG LP	**5.5**	**40.5**

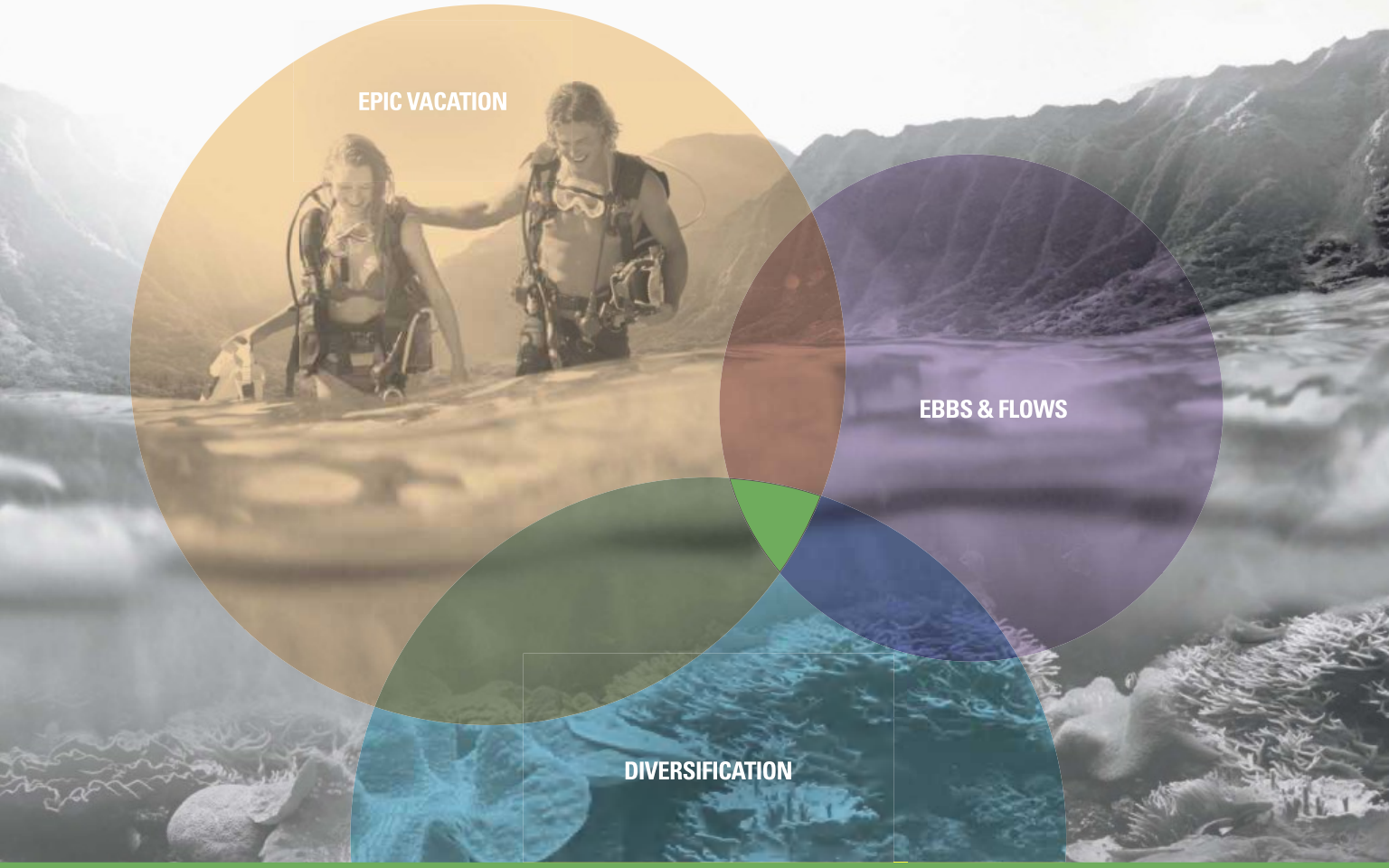
BIGGEST PERCENTAGE GAINERS

		PERCENTAGE GAIN	NET WORTH ($BIL)
KIEU HOANG	SHANGHAI RAAS	**196%**	**$3.6**
BRIAN CHESKY, JOE GEBBIA, NATHAN BLECHARCZYK	AIRBNB	**120**	**3.3**
JEFF BEZOS	AMAZON	**102**	**58.4**
TRAVIS KALANICK	UBER	**100**	**6.0**

Gains of U.S. billionaires measured between Jan. 1 and Dec. 4, 2015.

BY THE NUMBERS BY HAYLEY CUCCINELLO, ZACK O'MALLEY GREENBURG AND ANALYTICS@AMERICAN; WEALTH WATCH BY LUISA KROLL

MATTHEW RYAN WILLIAMS/THE NEW YORK TIMES/REDUX; MONDADORI PORTFOLIO VIA GETTY IMAGES; LUCASFILM / ALBUM/NEWSCOM (2); LUCASFILM/20TH CENTURY FOX / ALBUM/NEWSCOM; EVERETT COLLECTION; MARY EVANS/LUCASFILM/RONALD GRANT/EVERETT COLLECTION (2); AFP/AFP/GETTY IMAGES; CHRISTIAN PEACOCK FOR FORBES; BLOOMBERG (TOP)



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HUNG YAU LIT
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NET WORTH: $1.1 BILLION
Joins billionaire ranks after shares in his Regina Miracle, which makes bras for Victoria's Secret, pop 71% in first two months on Hong Kong exchange.

SEAL THE DEAL

Seriously Waisted

WHO'S THE ONE wearing the pants in the big meeting? One hopes it's not the old man (or hipster) with suspenders. Belts rule. And speaking of which, here are some foolproof rules to remember: 1) If the pants have belt loops, wear one. 2) You really need only three—black, brown and cordovan. Four, if you want one in crocodile or another skin. 3) The color of the belt should match the shoes. For a more advanced move, try matching the watchband as well. 4) Always buy belts a size bigger than your waist—because only one of them can expand.

1) Embossed cowhide belt by Brunello Cucinelli, $525. 2) Reversible leather belt by Salvatore Ferragamo, $380. 3) Leather belt by Versace, price upon request. 4) Calfskin belt by Anderson's, $170. 5) Leather belt by Dolce & Gabbana, $395. 6) Sombrero calfskin belt by Hermès, $950. 7) Reversible Taïga calfskin belt by Louis Vuitton, $635.

BY MICHAEL SOLOMON
PHOTOGRAPH BY DAVID ARKY FOR FORBES; JOSEPH DEACETIS, STYLE DIRECTOR. EVAN AGOSTINI / INVISION / AP (TOP)

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MICHAEL PLATT
–HEDGE FUND
NET WORTH: $3.5 BILLION

Another hedgie bites the dust: As the industry struggles to deliver acceptable returns, the 47-year-old closes his flagship BlueCrest fund and returns $8 billion to investors.



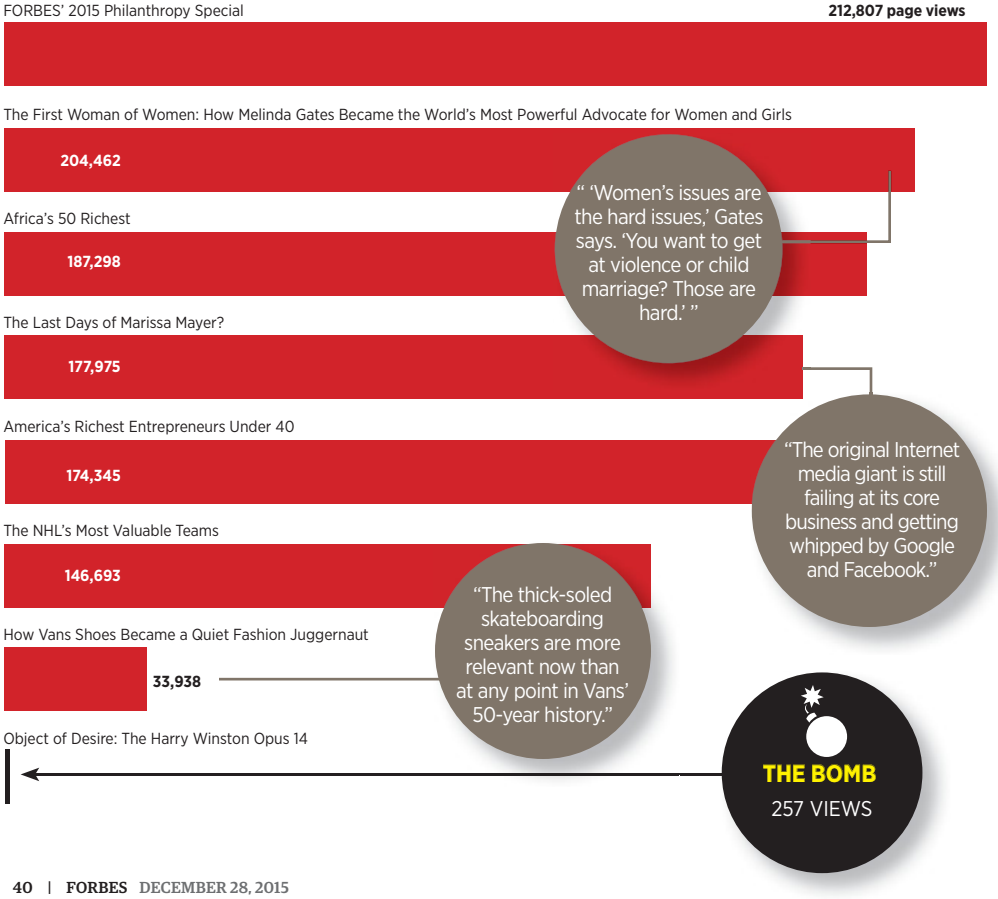
CONVERSATION



CAROLINE HOWARD'S Dec. 14 cover profile of Melinda Gates struck a chord with readers, who cheered her female-focused philanthropy. Twitter salutations came from John Wood, the founder of literacy organization Room to Read ("Brava Melinda!") and prominent philanthropist Laura Arrillaga-Andreessen ("Worship Melinda Gates and the Gates Foundation for their incredible work"). Her example was an equal inspiration to reader Gina Goff, who observed on Facebook that "we can all be philanthropists and agents of change, no matter if we have a lot of money or a little." Last word goes to the beneficent cover star herself, who tweeted to Howard: "Thank you for turning our great conversation into this thoughtful piece."

THE INTEREST GRAPH

Our 2015 Philanthropy Special drew clicks from readers eager to learn how some of today's brightest (and wealthiest) minds are working for global change.



YAHOO SERIOUS

Readers searched (via Google, one assumes) for a plausible answer to FORBES tech writer Miguel Helft's question: Are Marissa Mayer's days as CEO of Yahoo numbered?

@GERRYSHIH Ouch! @mhelft calls time on Mayer's tenure as Yahoo CEO with a proper dump of embarrassing insider anecdotes.

OHMEINDUSTRIES on Forbes.com: She must feel a little like Julius Caesar: "Infamy! Infamy! They've all got it in for me!"

@GADISHAMIA I still think her biggest mistake was taking that job.

@JUDYSHAPIRO On day 1, marketers saw the danger of a tech leader in charge of a marketing biz.

@GRANTFELLER Great read on the "last days" of Marissa Mayer ... the gifted geek but alienating boss.

@GRAUBART Before we call for Marissa Mayer to step down, I want to hear the board lay out a coherent strategy forward.

IMRAN QURESHI on Facebook: So I guess after all she turned out to be human.

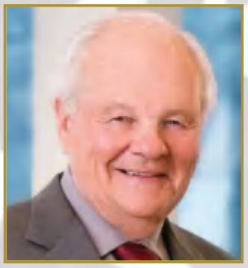
BY MICHELA TINDERA

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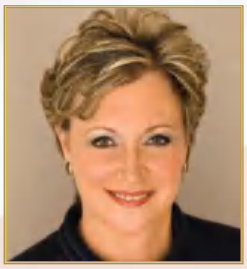
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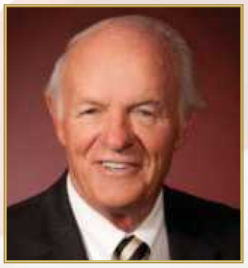
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ABSOLUTE EVIL, ABSOLUTE FOLLY



ISIS IS THE CLOSEST phenomenon to absolute evil the world has known. Although its leaders claim to be Muslims and to worship Allah, it recruits from among atheists. Many of its most fanatical followers practice no religion and have criminal records. For them the attraction is that ISIS helps them avoid detection, provides them with automatic weapons, bomb belts and sophisticated explosives and enables them to engage in the large-scale destruction of human life and property.

ISIS has the capacity to transform petty criminals into master criminals and then give them opportunities to demonstrate their new skills. The religious dimension to ISIS, though spurious, is essential to its success. As an ostensibly stalwart upholder of the Sunni branch of Islam, ISIS claims the mantle of orthodoxy and the right to murder non-Sunni Muslims of all kinds and infidels (Western Christians, Orthodox Christians, Jews and so-called pagans) and to confiscate their possessions. Its claim to Sunni status also gives ISIS access to the heartlands of Arab oil wealth. Rich Gulf oil states funded ISIS' original launch as a worldwide criminal organization and continue to fund it. The money isn't supplied by governments per se but by individuals who directly benefit on an enormous scale from oil money.

Of course, ISIS now controls some of the oilfields and can get at the source of its funds directly. But its appeal as the vengeful punisher of Islamic heresy and the fierce opponent of its enemies continues to matter and is the principal source of the prestige and fear it generates.

ISIS is thus a religious-financed body, whose foot soldiers are atheists mouthing Islamic slogans and working (and dying) for ISIS because it allows them to quench their bloodlust in its flames.

Only two entities have had much success in standing up to ISIS. One is the rump of the old Syrian state, controlled by the Assad family, which has access to modern weapons via its backer, Russian President Vladimir Putin. The other is the Kurdish fighters who operate along the Turkish, Syrian and Iraqi borders and who are inspired by a genuine nationalism that gives this group a self-sustaining drive akin to ISIS' own. The Kurds, however, want to set up their own state, to which Turkey is implacably opposed.

Organizing an effective anti-ISIS coalition will therefore require a coalition leader of worldwide resources—military and financial—stature, authority and diplomatic skill. Only the U.S. has the ability to take this on in the way such a role was originally conceived by Dwight Eisenhower, both as military commander and as President, and later by some of his successors, notably Presidents Ronald Reagan and George W. Bush. Unfortunately, President Obama completely fails to measure up to the character requirements demanded by his natural position as world leader.

It's astonishing that Vladimir Putin has been able to play a major role in the Middle East, upstaging Obama completely. Because, with the exception of nuclear firepower, Russia isn't in the same league as the U.S. For example, it has only 230,000 active army personnel, compared with the U.S. Army's 539,450. Its navy personnel total 130,000; the U.S. Navy, 326,800. And its air force is made up of a mere 148,000 people, compared with the U.S.' 334,550. Russia spends only $70 billion a year on defense, whereas the U.S. pays out nearly ten times that amount—$581 billion.

WHENCE COMETH OUR HOPE?

These figures from the International Institute for Strategic Studies' annual report underscore how little the U.S. has to show for its expenditures. And why is this? Because Barack Obama is one of the weakest chief executives in U.S. history, cowering in the Oval Office before the magnitude of his nation's problems and his inability to face them. The result is that ISIS has been allowed to appear to be a threat of incomparable magnitude—one beyond the physical resources of the West.

This is, of course, nonsense, but that needs to be demonstrated by one of the West's leaders. Germany's chancellor, Angela Merkel, has virtually ruled herself out with her foolish policy on refugees. France's president, François Hollande, is still shell-shocked by the terrorist attacks in Paris. This leaves Great Britain's prime minister, David Cameron.

Cameron recently won an election and leads a one-party government. Has he the character, determination and clarity of vision—all things Obama obviously lacks—to take the lead and adopt a Churchillian role? We must pray that he has and that he'll step into the breach Obama has left in the world's defenses. F

THOMAS KUHLENBECK FOR FORBES

PAUL JOHNSON, EMINENT BRITISH HISTORIAN AND AUTHOR; DAVID MALPASS, GLOBAL ECONOMIST, PRESIDENT OF ENCIMA GLOBAL LLC; AND AMITY SHLAES, WHO SERVES AS PRESIDENTIAL SCHOLAR AT KINGS COLLEGE AND CHAIRS THE COOLIDGE FOUNDATION BOARD, ROTATE IN WRITING THIS COLUMN. TO SEE PAST CURRENT EVENTS COLUMNS, VISIT OUR WEBSITE AT WWW.FORBES.COM/CURRENTEVENTS.

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TO YOUR PROSPEROUS 2016!



ON A RECENT Forbes Cruise for Investors (we have two in 2016, so sign up now as a Christmas present to yourself and loved ones), FORBES columnist and self-made billionaire Ken Fisher said it's vital to keep your investing formulas fresh.

Things change, and so must investors. Simple contrarianism is no longer fail-safe. Momentum investing has become a huge opposing force, driven by fund managers under pressure to meet quarterly performance goals. High stock prices can and do go higher. Low ones can go lower. Unless you have deep pockets, the markets will happily outlast your good old Benjamin Graham-type common sense.

Warren Buffett evolved from his early Graham influence. In the 1950s and 1960s he would spend the day reading Standard & Poor's reports. His near photographic memory for numbers and natural ability to see correlations and anomalies let him find the needles in the haystack. But tomorrow's Buffett won't be able to start the same way. Computers and software have made the unique skills of the 1950s Buffett available to everyone.

In the 1970s the Oracle of Omaha began to think more about brands, moats and free cash flow as competitive edges. Yet he didn't abandon his Graham discipline on prices; he added to it. With Berkshire Hathaway as his vehicle Buffett had an expanded formula: Use the free cash flow from the insurance companies and other investments to buy—at Graham discount prices—businesses that have natural monopolies owing to brands and moats.

Finally, as he grew more worldly and wise, Buffett began to put more weight on the quality of the managers within his Berkshire empire. I doubt the young Buffett, who sat at a desk memorizing S&P reports, was as capable of judging management talent as he later became.

Ken Fisher told the Forbes cruisers that contrarian investing still works, but you have to look harder to find anomalies and investment edges that the world's fund managers, with their mighty supercomputers and algorithms, have overlooked. This is difficult work that requires constant education, evolution and the eradication of emotional biases.

With that in mind, here's a Christmas list of investment and business books—some classic, some newer—that may help you find your investment edge.

Common Stocks and Uncommon Profits—by Philip A. Fisher (John Wiley & Sons, $24.95). Lesson: Do the financial analysis. But also talk with people who know your potential investments, including customers, vendors and competitors.

The Essays of Warren Buffett—edited by Lawrence A. Cunningham (Carolina Academic Press, $29.95). A fun collection from his annual letter to Berkshire Hathaway shareholders.

The Little Book of Common Sense Investing—by John C. Bogle (John Wiley & Sons, $24.95). Beating the market is a full-time job, and few consistently win. Buy Bogle's book, follow his directions and get some sleep.

Predictably Irrational—by Dan Ariely (HarperCollins Publishers, $15.99). Everyone thinks they are rational thinkers, but few really are. This book explains how to spot emotional biases in yourself and others.

The Innovator's Dilemma—by Clayton M. Christensen (HarperBusiness Essentials, $17.99). This 1997 classic remains *the* book on disruption and why startups often dislodge entrenched, profitable companies. Although this isn't written as an investment book, it nevertheless puts a dagger into pure value investing. Why? Cheap companies don't always bounce back. The only quibble I have with Clay's book is that in the years since he wrote it, rich and powerful companies such as Apple and Amazon have learned to be disruptors, too.

Getting Things Done—by David Allen (Penguin Books, $17). This book on stress-free productivity will keep you on an even keel.

Zero to One—by Peter Thiel and Blake Masters (Crown Business, $27). How great digital entrepreneurs and investors think. Thiel is both.

Knowledge and Power—by George Gilder (Regnery, $27.95). Knowledge is everything, and the market has caught on. Gilder's framework is spot-on when it comes to assessing which companies and countries are moving the fastest toward greater knowledge and knowledge application.

Reviving America—by Steve Forbes and Elizabeth Ames (McGraw-Hill Education, $26). America faces many problems, but most of them will recede or vanish with faster economic growth, higher real employment and a more widely shared prosperity. This is the blueprint.

Have a happy holiday and a prosperous New Year!

THOMAS KUHLENBECK FOR FORBES

RICH KARLGAARD IS THE PUBLISHER AT FORBES. HIS LATEST BOOK, *TEAM GENIUS: THE NEW SCIENCE OF HIGH-PERFORMING ORGANIZATIONS*, CAME OUT IN JULY. FOR HIS PAST COLUMNS AND BLOGS VISIT OUR WEBSITE AT WWW.FORBES.COM/KARLGAARD.

In Good Company

The Future of Women in Data-Driven Leadership



BY LYNTHIA ROMNEY

The explosion of Big Data has accelerated the demand for leaders who can harness its force and use it to competitive advantage. Far-sighted corporations are tapping the potential of women to drive data-based strategy across their organizations.

Although there is a gender gap in corporate C-suites, the good news is that the proportion of women in information and technology is gaining traction. The percentage of female chief information officers among America's largest corporations rose to 17.4% in 2015. Among the 15 largest Silicon Valley companies, five have a female CIO.

Female thought leaders Ginni Rometty, chairman, president and CEO at IBM, and Sheryl Sandberg, COO at Facebook, Inc., serve as high-profile role models in technology-fueled corporations, with Sandberg driving the "Lean In" movement for women's professional engagement and leadership.

Meanwhile, numerous corporations and nonprofit organizations are working on the pipeline, seeking to educate young people from middle school on up in STEM capabilities. The 1.2 million computer science positions estimated to be available by 2022, according to the Bureau of Labor—with only 39% expected to be filled by new graduates—serve as a near-term carrot. Boosting U.S. competitiveness in a global economy is a larger goal.

The FWA: Fueling the Next Generation of Women Business Leaders

A pioneer in female professional advancement for nearly 60 years, the Financial Women's Association serves at the intersection of corporations cultivating women executives and the female professionals seeking to lead.

Founded in 1956, the FWA creates a community in which women in finance across all industries can develop relevant business skills, learn from industry trendsetters and contribute to the next generation through mentoring high school and business students. The theme of innovation runs through many of its approximately 50 programs held annually in New York and around the world.

"This is a momentous time of disruption in business, creating an urgent need for agile and analytical leaders," says Katrin Dambrot, president of the FWA. "The FWA is fueling the development of this kind of executive at all stages of her career."

Members of the FWA's President's Circle—its leading corporate supporters—are deeply involved in women's professional development, and several have dedicated firm-wide initiatives focused on data and technology.

"This is a momentous time of disruption in business, creating an urgent need for agile and analytical leaders. The FWA is fueling the development of this kind of executive at all stages of her career."

—KATRIN DAMBROT
FWA PRESIDENT

The Power of Data in Decision-Making

"All organizations are becoming technology companies in how they operate and interact with stakeholders," says Karen Mazer, principal, Deloitte Consulting, LLP, and co-leader of the U.S. CIO program that focuses on the role of the CIO in conjunction with Deloitte's Technology Services practice. Deloitte is a member of the FWA President's Circle.

"Data affects almost everything we do: risk management, performance management and client relationship management," she explains. "It empowers us for *hindsight, insight and foresight*—and will enable us to anticipate where our clients need to be."

Jocelyn Cunningham, principal, Deloitte Consulting, LLP, adds that, while the financial services sector utilizes predictive data to manage risk following market disruptions and increased regulations, this has led to greater innovation generally. "Data transparency has enabled changes in payments, for example, or the advent of open source technology in sales and trading, allowing for collaboration among competitors," she says.

Deloitte offers a variety of tech-oriented programs for women, including its annual Women in Technology event connecting its 5,000+ female technologists across 30 cities. During the event, the Twitter feed surged as clients and Deloitte executives shared candid advice on overcoming stumbling blocks and investing in their own education.

"We were connected all day. It illustrated how data is the core connective tissue of our organization—and how women are especially good at delivering it," Cunningham says.

SAP, a market leader in enterprise application software and a member of the FWA President's Circle, is working toward a goal of having at least 25% of management positions filled with female talent by 2017. Helping achieve that goal is LEAP (Leadership Excellence Acceleration Program), a yearlong program to build targeted leadership capabilities, increase exposure to key leaders, and foster mentor and sponsor relationships. Offered every six months, it has reached approximately 450 women globally.

Morgan Stanley

IN TODAY'S WORLD, successful careers are fluid and often do not follow a traditional path. Morgan Stanley is among a number of financial services firms that see great potential in experienced men and women who have taken a career break for two years or more and are now looking to return to their chosen profession. Morgan Stanley's Return to Work program is an opportunity for professionals to re-engage.

During the 12-week paid internships available in New York, Mumbai, London and Hong Kong, participants are placed in businesses that complement their skills and experience. Upon completion of the program, participants may receive an offer of employment.



Lisa Shalett
Head of Investment & Portfolio Strategies
Morgan Stanley Wealth Management

"Return to Work illustrates the culture of ideas and meritocracy that Morgan Stanley embraces," says Lisa Shalett, head of Investment & Portfolio Strategies for Morgan Stanley Wealth Management.

She believes that Morgan Stanley promotes rigorous thinking and encourages diverse points of view. "Morgan Stanley cultivates a genuine respect for our colleagues," she says. "When I see the terrific professionals who are able to join our team following the Return to Work program, I am very proud."

Morgan Stanley

Morgan Stanley

Invest In What Lasts

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"The LEAP program is instrumental to help SAP drive innovation and achieve customer relevance and business success," says Jewell Parkinson, SVP, Human Resources, SAP North America.

The onslaught of data, quantified by IBM at 2.5 quintillion bytes daily, is responsible for the fact that 90% of the world's data has been created in the last two years.

"One of the most profound effects of the proliferation of data is how we use it to analyze the economy. As it has become disrupted, traditional methods of measuring it are no longer sufficient," observes Lisa Shalett, head of Investment & Portfolio Strategies for Morgan Stanley Wealth Management. Morgan Stanley is a member of the FWA President's Circle.

Shalett points out that this provides opportunities for women. "Technology is leveling the playing field. The availability of data is an equalizer, giving women the power to make an impact. They can mine their strengths as influencers and collaborators in utilizing data across an organization."

"There is no question that women are effective change-agents who can influence enterprise-wide innovation," says Lily Klebanoff Blake, former FWA president. "The FWA is a unique partner in women's success by advancing them over the arc of their careers—from high school to senior executive leaders."

Proven Programs Filling The Pipeline

FWA's High School Mentoring program supports high-potential underserved NYC students at Murry Bergtraum High School and the High School of Economics and Finance, with a new focus on STEM skills. Merrill Lynch, an FWA President's Circle company, hosted a breakfast for the students in the program, featuring a panel of senior women executives in technology and operations discussing career opportunities in these areas.

"Exposing young women to STEM opportunities is an important step in building a pipeline of diverse talent for the future. The panel was a unique way to demonstrate how women have achieved success in the technology and operations space. Our goal was to instill a sense of pride and encouragement that would inspire these students to embrace and pursue STEM with confidence," says Jackie Arimenta, director and Global Wealth & Investment Management Operations business executive at Merrill Lynch. The FWA mentoring program also extends to Baruch College and focuses on business students.

The FWA Wall Street Exchange program, sponsored by nine corporations, holds weekly events for a select group of summer interns in business and finance, many with STEM backgrounds. This year the DTCC (Depository Trust & Clearing Corporation) hosted a panel including its chief officer, chief information manager and the president and CEO of Omgeo, a DTCC subsidiary.

For high-potential women executives selected by their President's Circle companies for inclusion, the FWA's Pacesetters Program is a one-year leadership development program that covers crucial skills for managing in a data-driven environment. These include creating a compelling vision, communicating with impact, fostering teamwork and delivering results.

Cornelia Levy-Bencheton profiled maverick women in technology and startups in her book, *Women in Data: Cutting-Edge Practitioners and Their Views on Critical Skills, Background, and Education*. She assesses their key common characteristics: problem-solving, analytical skills and creativity.

"Women in tech can talk up to the board, inward to the employees and out into the community," she explains. "They are the connectors that can bring data-based solutions to life."

Work. It's a totally different beast™.

HEIDI RASMUSSEN'S STORY IS, IN MANY WAYS, A TALE OF OUR TIMES. Unlike corporate executives of generations ago, no one today can assume his or her job is safe. But technology is making it possible for innovative entrepreneurs to disrupt the status quo. And women, in particular, are finding entrepreneurship a tempting career path—starting twice as many businesses as men do.

So when the pink slip arrived, Heidi and her husband Reid didn't miss a beat. After 27 years, "I'd expected to retire at the company," Heidi admits. But her layoff opened the door for them to build their own thriving digital health-benefits company, freshbenies.



Merrill Lynch Financial Advisor Kathy Bickhaus (left) helped Heidi and Reid Rasmussen make the decision to launch their own business.

That's the thing about life's unexpected turning points, like layoffs or divorces: Often they lead to surprisingly positive outcomes. After the layoff, "the first person I called was Kathy," says Rasmussen, referring to her financial advisor, Kathy Bickhaus. "We got right to work figuring out how long they might be able to go without bringing in income from the business," recalls Bickhaus. Happily, freshbenies is a success—thanks largely to Heidi's marketing acumen—and they don't plan to retire any time soon.

Check out "So Long, Corporate World. Hello, Start-Up!" at ml.com/work for more about Heidi and Reid, plus tips from them on starting your own business.

Visit ml.com/connect to find a financial advisor like Kathy.
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Cracking the Credit Cartel

Credit Karma San Francisco

Provides truly free credit scores and credit monitoring to consumers.

BONA FIDES: Since 2008, Americans have checked their credit scores at Credit Karma more than 1 billion times.

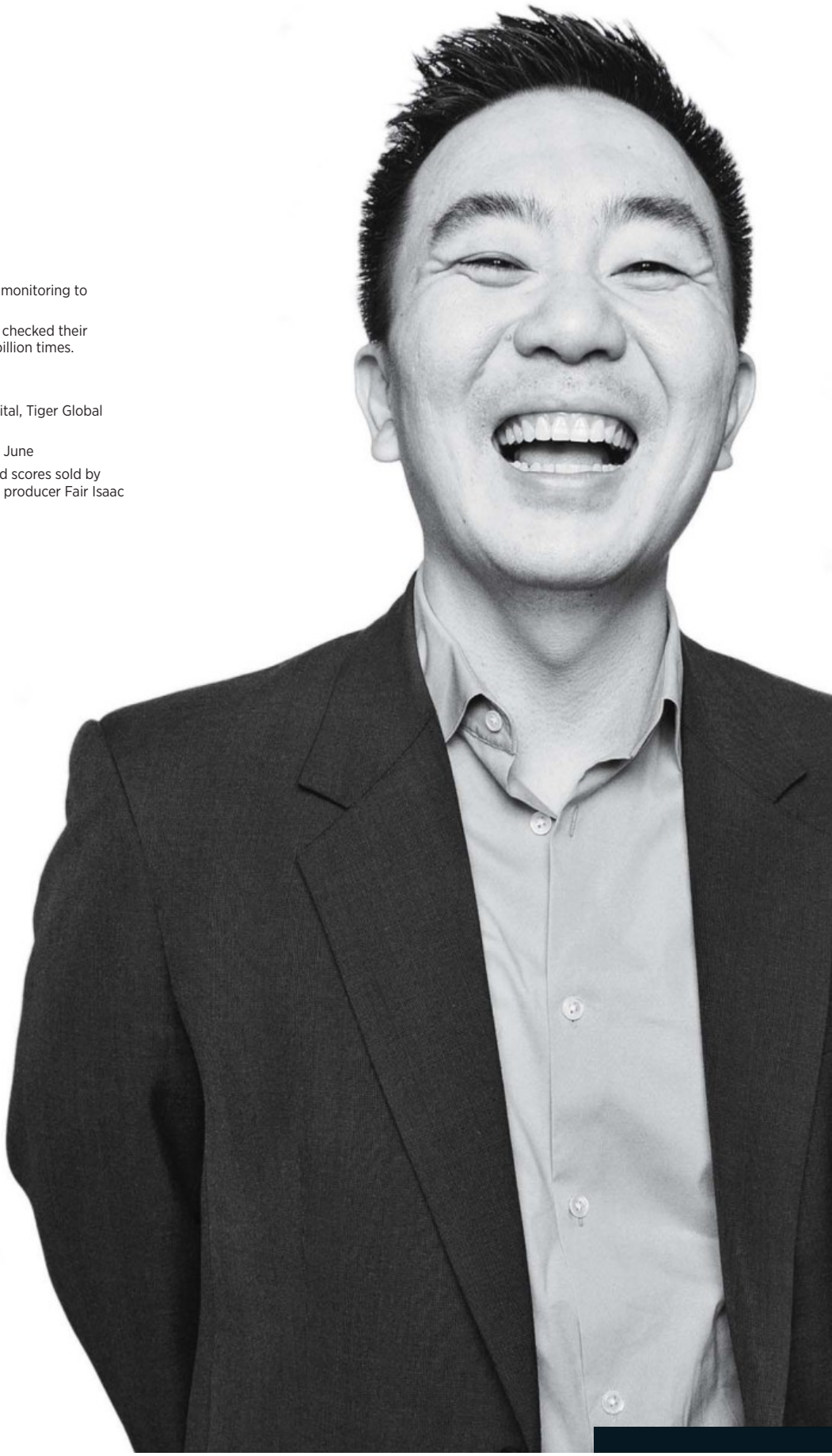
FOUNDER & CEO: **Kenneth Lin, 40** ▶
a veteran of Upromise and E-LOAN

FUNDING: $368.5 million from Google Capital, Tiger Global Management, Ribbit Capital

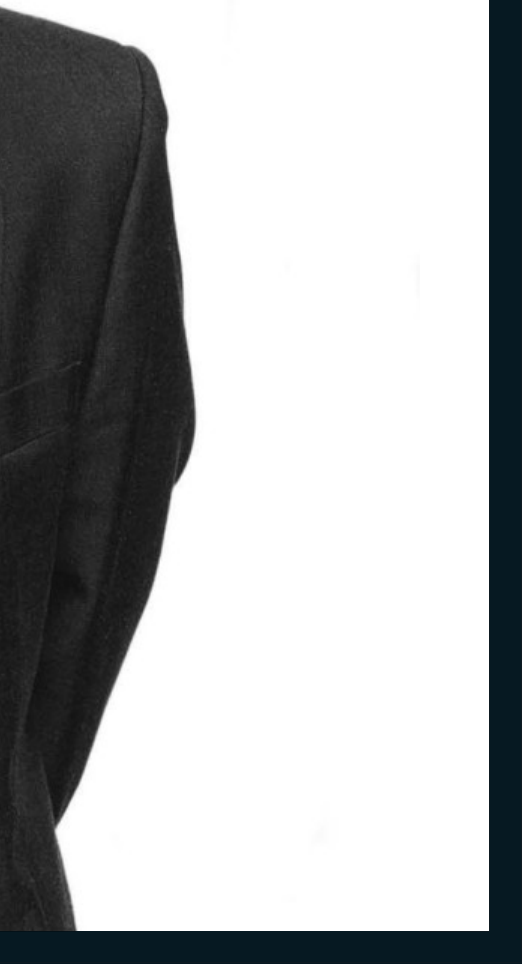
VALUATION: $3.5 billion as of last round in June

THREAT TO: Credit-monitoring services and scores sold by credit bureaus, as well as FICO credit score producer Fair Isaac

Kenneth Lin's parents emigrated from China when he was 4 and worked in the kitchens and at the blackjack tables of Las Vegas casinos to help put him through Boston University. Their sacrifices, he says, made him want to do something big: "Lots of people look at us and say we're disrupting the way credit scores work. What we're building is much larger than that." In 2003 Congress gave Americans the right to request their credit bureau reports for free once a year, but before Credit Karma they generally had to pay to see their credit scores. (Credit Karma provides the VantageScore developed by the three credit bureaus themselves, not the FICO score used by most banks.) So far, 45 million Americans (a fifth of all those with credit files) have signed up for free Credit Karma memberships to monitor their reports and scores. Credit Karma makes money—how much Lin won't say—by recommending loans and other products consumers qualify for based on their credit histories and then streamlining the application process. With credit card issuers such as Discover now providing free scores, too, Lin is staying a step ahead by offering consumers a quick way to dispute credit report errors (so far 650,000 have used it) and new tools to understand and raise their scores. He's also developing a service to alert members when their scores have risen enough that they should be able to demand lower rates and save some bucks.
—Lauren Gensler



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CHRISTIAN PEACOCK FOR FORBES

The Fintech 50

THE FUTURE OF YOUR MONEY

EDITED BY JANET NOVACK AND MATT SCHIFRIN

REPORTED BY SAMANTHA SHARF, LAURA SHIN, LAUREN GENSLER AND MAGGIE MCGRATH

Just as Amazon changed the way we shop and Apple reinvented the music biz, digital disruption is going to soon affect every aspect of your money: how you earn it, save it, invest it and spend it. The changes are going to be both revolutionary (soon everyone will manage his or her 401(k) like the smartest Wall Street quant) and mundane (easier, cheaper small business loans), but they are going to happen on a very large scale: The U.S. financial services industry had pretax profits of $281 billion last year, and new technology is threatening every penny of it.

Both venture capitalists and Wall Street are rushing into the space, investing $10.5 billion in fintech startups during the first nine months of 2015, up from $3.9 billion in the same period last year, according to CB Insights. You may not be able to invest alongside them, but you still need to keep close tabs on the 50 companies listed. They are the small firms destined to have a big impact on your financial future and possibly upend your portfolio.

To compile our inaugural list of the Forbes Fintech 50, our reporters solicited information from 300 startups and then interviewed more than 150 CEOs and founders, as well as independent industry experts. We required candidates to have operations in the U.S. and a viable product in the marketplace. Our list excludes financial giants like Fidelity, Goldman Sachs and Vanguard; we have included a handful of startups that have since been acquired by larger concerns as long as they continue to operate independently.

Financial Answer Machine

Kensho Cambridge, MA

Combines latest big data and machine-learning techniques to analyze how real-world events affect markets.

BONA FIDES: The CIA uses its software.

COFOUNDER & CEO: Daniel Nadler, 32 ▶

FUNDING: $58 million from Goldman Sachs, Google Ventures, General Catalyst, CNBC, Accel Partners, Fidelity Investments, Breyer Capital and IQT, the CIA's venture capital arm

VALUATION: $500 million

THREAT TO: Human analysts, hedge funds trading on obscure knowledge



A Harvard economics Ph.D. who wrote his thesis on sovereign credit risk, Daniel Nadler came up with the idea for Kensho while a visiting scholar at the Boston Federal Reserve in 2013. "I was stunned that as really important developments were occurring in the world—central bank announcements, elections in Europe, the sovereign debt crisis, turmoil in the Middle East, etc.—people would look at the guy next over from them and say, 'Hey Bob, when's the last time something like that happened? How did it impact markets the last time?'" Like Google, Kensho answers questions posed in plain English, such as "How do defense (or oil or airline) stocks react to terrorism incidents in Europe?" But while a Web search can find only pages with existing analyses, Kensho can generate original answers to 65 million questions by analyzing relationships among more than 90,000 events, including natural disasters, political developments, corporate earnings, product launches and FDA drug approvals. Answers that Nadler claims might previously have taken 40 man-hours of research are spit out by Kensho in seconds, complete with graphs and charts. Goldman Sachs installed Kensho across the firm in 2014. JPMorgan Chase and Bank of America Merrill Lynch recently started using it, too. But Nadler, who is also director of research for financial technology at the Stanford School of Engineering, says he's proudest that Kensho supplies analysis to CNBC, pumping its insights to tens of millions of investors. Example: During the market correction in August Kensho helped CNBC debunk the popular belief that gold is a safe haven during times of market turmoil. *—Laura Shin*

JONATHAN KOZOWYK FOR FORBES

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Everything Is Thematic

Motif San Mateo, CA

Enables investors to design, share and buy themed ETF-like portfolios (Motifs) of up to 30 stocks for $9.95 a transaction.

BONA FIDES: 200,000 retail customers

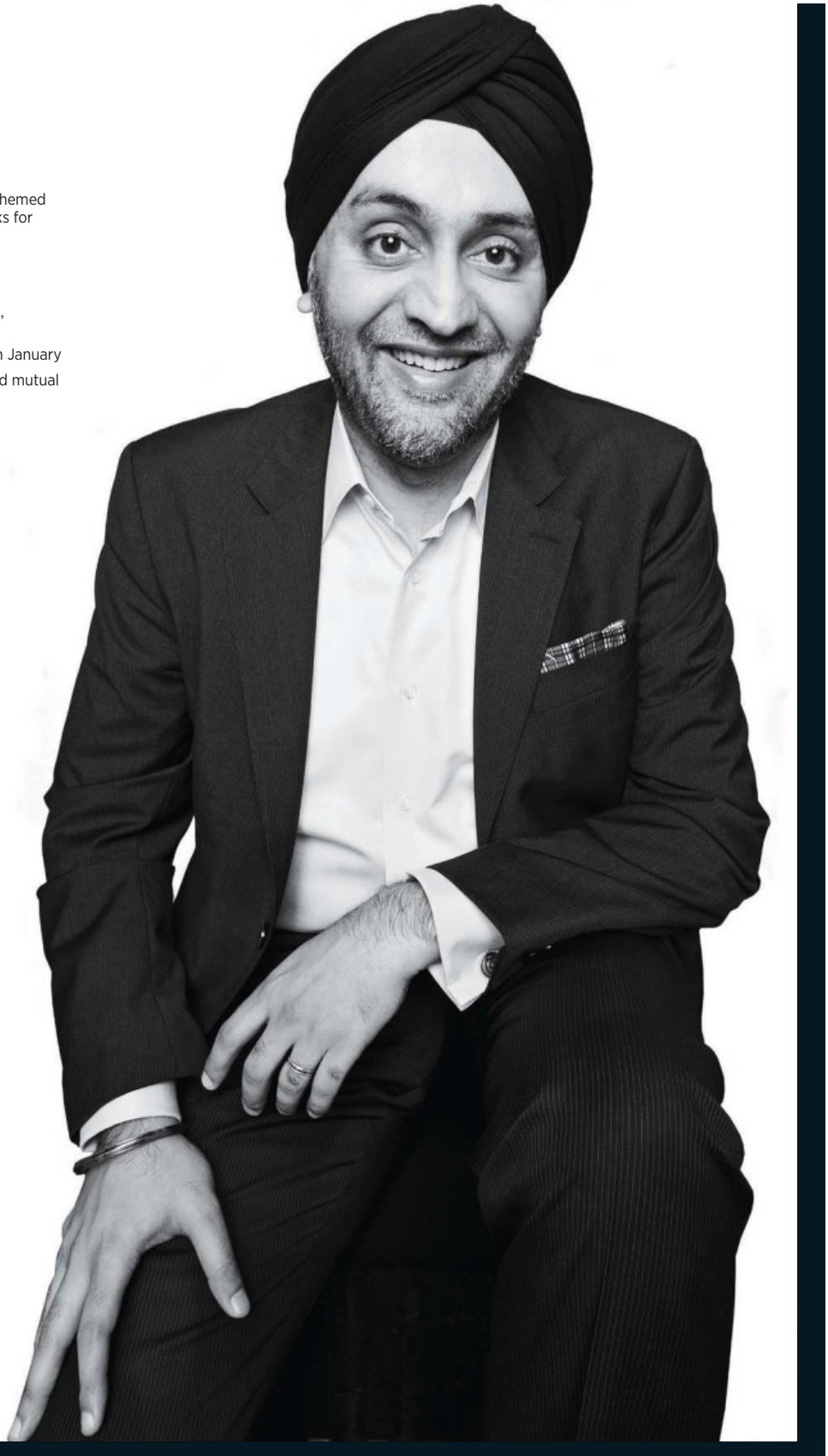
FOUNDER & CEO: **Hardeep Walia, 43** ▶

FUNDING: $126 million from Goldman Sachs, JPMorgan Chase, Renren

VALUATION: $800 million as of last round in January

THREAT TO: Traditional discount brokers and mutual fund companies

Hardeep Walia is a poster child for the growing relationship between big banks and fintech startups. He had planned to go to Wall Street after earning a Wharton M.B.A. in 2001 but instead took a job with Microsoft, where he rose to general manager of worldwide enterprise services. Walia courted the banks as investors when he launched Motif in 2010 as a brokerage platform that allows do-it-yourself investors to build, buy and discuss themed baskets of stocks. (Popular now: biotech and 3-D printing.) "The big aha for us was that everything is thematic," says Walia. "It is the notion of being able to express yourself." Motif is now doing product deals with the big banks, too. Motif's customers recently got access to JPMorgan-led IPOs, and Motif is working with U.S. Bank to create themed investing strategies for the bank's Ascent Private Capital Management unit, serving families worth $75 million and up. Determined to play every angle, Walia has also rolled out a platform for independent financial advisors to work with clients on themed investing and has taken on low-cost robo-advisors like Betterment and Wealthfront with commission-free "Motifs" that are made up of index ETFs and keyed to an investor's time horizon and risk tolerance.
—Samantha Sharf



CHRISTIAN PEACOCK FOR FORBES

Online Lender to the Elite

SoFi San Francisco

Offers student loan refinancing, personal loans and mortgages to young borrowers with high-end jobs and degrees.

BONA FIDES: Has made $6 billion worth of loans

COFOUNDER & CEO: **Mike Cagney, 44** ▶

FUNDING: $1.4 billion from Softbank, Third Point Ventures, Peter Thiel, Baseline Ventures and Renren

VALUATION: $4 billion

THREAT TO: Traditional lenders

Mike Cagney started out as a derivatives trader at Wells Fargo, then founded a wealth-management software company and a hedge fund before heading off in 2010 to Stanford business school's Sloan Fellowship program for midcareer execs. In the school's "Startup Garage" class, he and three fellow students came up with the idea for Social Finance (SoFi for short): prosperous alumni would lend to young graduates of their alma maters at lower rates than the government charges for student loans. Since then Cagney has expanded quickly, moving beyond peer-to-peer lending and refinancing student debt. In September SoFi raised $1 billion in a round led by Softbank, setting a record for the largest round by a fintech company. Cagney is using that stash to move into mortgages and even personal loans. SoFi ranks as the second-biggest online lender, trailing only publicly traded Lending Club and ahead of Prosper. But Cagney insists he's in a different business—he's now aiming to become an online banking home for successful Millennials. "I don't compete with Prosper and Lending Club," he says. "I compete with Wells Fargo and First Republic." *—Maggie McGrath*



CHRISTIAN PEACOCK FOR FORBES (2)

The App Paymaster

Stripe San Francisco

Online and in-app payment platform with easy-to-use customer interface.

BONA FIDES: Clients include Twitter, Facebook and Lyft

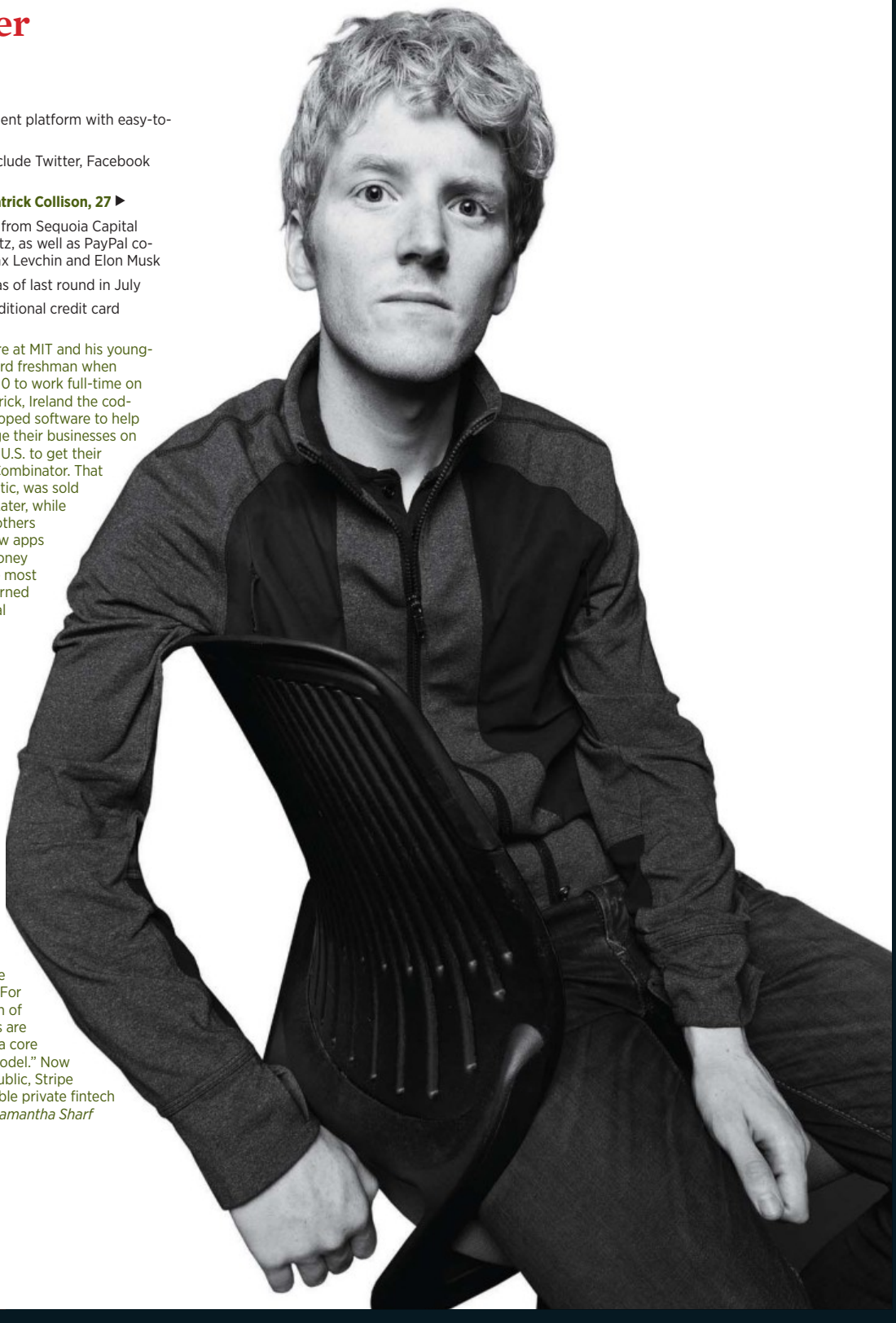
COFOUNDER & CEO: **Patrick Collison, 27** ▶

FUNDING: $300 million from Sequoia Capital and Andreessen Horowitz, as well as PayPal co-founders Peter Thiel, Max Levchin and Elon Musk

VALUATION: $5 billion as of last round in July

THREAT TO: PayPal, traditional credit card processors

Patrick was a sophomore at MIT and his younger brother John a Harvard freshman when they dropped out in 2010 to work full-time on Stripe. As teens in Limerick, Ireland the coding prodigies had developed software to help individual sellers manage their businesses on eBay and moved to the U.S. to get their venture launched at Y Combinator. That first company, Auctomatic, was sold for $5 million in 2008. Later, while undergraduates, the brothers started dreaming up new apps and found accepting money within the apps was the most difficult part. So they turned to the idea of a universal payments platform that could be incorporated into websites and apps with less hassle. Stripe now makes it possible, for example, for small merchants to accept Apple Pay and Alibaba's Alipay. The software also powers buy buttons for social media giants Twitter, Facebook and Pinterest and allows you to contribute to a Kickstarter project and pay your Lyft driver. "If you look at the first generation of Internet companies, so many of them were purely on the Internet," says Patrick. "For this [second] generation of companies, transactions are much more likely to be a core part of their business model." Now that Square has gone public, Stripe ranks as the most valuable private fintech company in the U.S. —*Samantha Sharf*



Banking on Bitcoin

Xapo Palo Alto, CA

Stores Bitcoin for wealthy investors on encrypted servers scattered across the globe and offers digital wallets used by consumers from developing countries to shop online.

BONA FIDES: World's largest, most secure Bitcoin bank

COFOUNDER & CEO: Wences Casares, 41 ▶

FUNDING: $41 million from Benchmark Capital, Greylock Partners, Ribbit Capital, Jerry Yang and Max Levchin

VALUATION: $120 million (est.)

THREAT TO: Would-be Bitcoin hackers



Son of Patagonia sheep farmers, Wences Casares saw his family suffer through Argentina's periodic financial crises, fueling his appreciation for a currency independent of government control. But even before Bitcoin came along he was a serial entrepreneur, launching Argentina's first Internet provider when he was just 20 and building Latin America's first online brokerage, which he sold for $750 million to Banco Santander in 2000. Casares came up with the concept for Xapo with cofounder Federico Murrone when they were looking for a way to keep their own Bitcoin secure. Xapo stores the currency offline on encrypted servers that are never connected to the Internet and are located across the globe, including in a decommissioned military bunker in the Swiss Alps. Wealthy investors and institutions account for 96% of Xapo's storage business, but 98% of its customers are consumers from India, Brazil, Indonesia, Russia and other developing countries who, lacking credit cards, use Xapo's Bitcoin wallets for small, online transactions. Does Bitcoin have a long-term future? "I think the banks are going to go through a period where they use something else that's not Bitcoin or create their own," answers Casares. "But it would be like if the telcos, when the Internet was catching on fire, said they were going to create their own Internet. ... People like [Bitcoin] because they don't have to trust the bank, they don't have to trust the country." —*Laura Shin*

CHRISTIAN PEACOCK FOR FORBES



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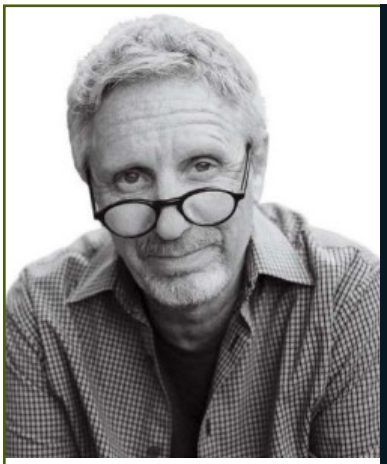
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Acorns Irvine, CA

App links to debit and credit cards, rounds up each purchase to nearest dollar, investing extra pennies in a portfolio of ETFs.

BONA FIDES: 1.3 million users

FOUNDERS: Former ETrade exec Walter Cruttenden, 65, and son Jeff, 29

FUNDING: $32 million from Greycroft Partners, Sound Ventures

Addepar Mountain View, CA

Cloud software lets advisors analyze and manage all of a client's assets, including hedge funds and private equity, on desktop and mobile.

BONA FIDES: More than $300 billion in assets already managed on platform

FUNDING: $65.8 million from David Sacks, Peter Thiel and Valor Equity Partners

Affirm San Francisco

Finances purchases with instant loans at interest rates of 0% to 30%.

COFOUNDER & CEO: Max Levchin, 40, a co-founder of PayPal and Yelp

FUNDING: $325 million in debt and equity from Spark Capital, Jefferies, Andreessen Horowitz, Khosla Ventures

Algomi London

Its Honeycomb bond-trading information system helps buyers see which banks hold inventory of bonds they want to buy—information that, surprisingly, isn't now readily available.

BONA FIDES: 14 big banks and 140 buy-side firms have already signed up

COFOUNDER & CEO: Stu Taylor, 43, former UBS bond exec

FUNDING: $30 million from Lakestar and others

AlphaSense San Francisco

Smart search engine for investment pros spares them irrelevant Google search results.

BONA FIDES: 400 clients include JPMorgan Chase, Credit Suisse

FUNDING: $13 million from undisclosed angel investors

COFOUNDER & CEO: Former Morgan Stanley analyst Jack Kokko, 42

Adyen Amsterdam

Payment platform bypasses rickety old infrastructure to power global e-commerce across six continents for companies such as Facebook, Uber, Airbnb, Alipay and Spotify.

BONA FIDES: On track to process $45 billion worth of transactions in 2015

FUNDING: More than $270 million from General Atlantic, Index Ventures, Temasek, Felicis Ventures and Iconiq Capital

THREAT TO: WorldPay, Chase Paymentech and other old-line payment processors

Betterment New York City

Robo-advisor with more than 118,000 individual customers, now branching into 401(k) management.

FUNDING: $105 million from Citi Ventures, Bessemer Venture Partners, Northwestern Mutual Capital

THREAT TO: High-priced managers of small 401(k)s

Braintree San Francisco

Online payments processor powers one-click payments for consumer apps; acquired peer-to-peer payments app Venmo in 2012. Powers payments for Airbnb and Uber.

FUNDING: Bought by PayPal in 2013 for $800 million

THREAT TO: Traditional credit card processors, checks

C2FO Fairway, KS

Uses bid system and algorithms to match retailers sitting on extra cash with suppliers ready to accept discounts for payment within 48 hours.

BONA FIDES: $106 billion in invoices a year now flow through it

FOUNDER AND CEO: Sandy Kemper, 50, also chair of The Collectors Fund, founder of Perfect Commerce and former CEO of UMB Financial

FUNDING: $99 million from Union Square Ventures, Mithril Capital Management, Temasek Holdings and others

THREAT TO: Traditional factoring industry, which buys receivables at discount

Chain.com San Francisco

Builds tools to exploit "blockchain" technology underlying Bitcoin.

FUNDING: $43.7 million from Visa, Citi, Nasdaq, Capital One, Fiserv, Orange, Khosla Ventures, RRE Ventures, SV Angel

BONA FIDES: Picked by Nasdaq to develop system for trading of private pre-IPO stock

CircleUp San Francisco

Crowdfunding site connects creators of new consumer products with investors and potential distribution partners, including P&G, General Mills and eBay.

BONA FIDES: Has helped 128 companies raise $145 million

FUNDING: $53 million from Union Square Ventures, Canaan Partners, Google Ventures and Clayton Christensen

Digit San Francisco

Monitors cash flow in your checking account, diverting small amounts into savings. Users can save more (or less) via text message.

FUNDING: $13.8 million from Baseline Ventures, Google Ventures

Avant Chicago

Makes instant online loans of $1,000 to $35,000 to average Joes, at 10% to 36% interest for two to five years.

BONA FIDES: Has lent $2 billion, with an average loan size of just $8,000

COFOUNDER & CEO: Al Goldstein, 35, a Chicago real estate and tech entrepreneur

FUNDING: $659 million from KKR, Peter Thiel, August Capital and Tiger Global Management

THREAT TO: Credit unions, banks and credit card balances



JAMES C. SVEHLA/CHICAGO TRIBUNE/NEWSCOM (BOTTOM)

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The Peninsula Hotels is now pleased to offer Beats by Dr. Dre products for complimentary use during your stay at our properties in New York, Chicago and Beverly Hills.

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INDOOR CELLULAR

THE NEW BUILDING UTILITY

by Joan Engebretson

BUSINESS COMMUNICATIONS needs are changing rapidly in ways that are creating new demands on in-building wireless systems. More than 70% of mobile traffic occurs indoors today, as smartphones and tablets are increasingly used for data and video connectivity. Fueling this trend is businesses' move toward cloud service, requiring employees to securely connect with remotely located, high-bandwidth applications.

Ericsson, the world leader in mobile network equipment, has developed the Radio Dot System, a unique solution for enhancing in-building wireless coverage in ways not possible with other technologies. Ericsson Head of Channel Management Amy McCune discusses the widespread benefits of this new technology for today's businesses.



Amy McCune
Head of Channel Management, Ericsson

What are the problems with using cellular service indoors?

McCune: Satisfaction of indoor users today is really low. Less than 40% think their experience is good enough, and even less when they're using video-based applications. You're sharing the outdoor wireless network with cars, other buildings and lots of people, and cellular macro networks are designed for wide area coverage, not in-building penetration.

Yet 70% of businesses believe indoor cellular and mobility is business-critical. We designed the Radio Dot system to enable the building owner or enterprise to obtain the necessary coverage they need for their business.

Tell me about Radio Dot.

McCune: The system uses multiple Dots, which are ultra-compact radios that are a bit larger than a hockey puck. They're attractively designed and mount flush to the ceiling.

How big an area can a Dot cover?

McCune: A Dot actually covers about 8,500 square feet. But what is unique about our product is that it's a dynamic-capacity solution.

Let's say that we're in an office building, and everybody is in the lunchroom and they're all using their smartphones. Radio Dot automatically redistributes capacity to that location in the building, where it's needed.

How does Radio Dot compare with a distributed antenna system?

McCune: DAS is an indoor cellular coverage solution that has traditionally been voice-centric. Today the average cellular user consumes 2 gigabytes of data a month. That will be over 14 gigabytes of data a month by 2020. A typical DAS isn't designed for that.

Another key point is that Radio Dot is integrated with the cellular network. If you're on your phone and you walk out of the building to the parking lot, you're not going to drop the call like you would if you were on DAS or using Wi-Fi calling, because Radio Dot is truly an extension of the wireless carrier's network.

Does this mean Wi-Fi is no longer necessary?

McCune: In a mobile-first world, LTE and Wi-Fi need to work hand in hand. Wi-Fi alone will no longer be good enough because it doesn't provide dynamic capacity shifting or integrate with the wireless carrier. It's also not a truly mobile technology, as it doesn't hand off between Wi-Fi access points.

Who owns the Radio Dot system?

McCune: It really depends on the specific situation. The investment could be made by the carrier in certain situations, but we are seeing the paradigm shift toward investment by building owners, enterprises or other third parties that lease the infrastructure to the building owner.

Will Radio Dot work with all major wireless carriers, and will carriers want these systems connected to their networks?

McCune: Radio Dot can be supported by all wireless carriers globally, and you can run multi-operator Radio Dot solutions within a building. Wireless carriers have to approve Radio Dot for use on their networks, and more than 50 wireless carriers worldwide have approved it. Wireless carriers want their customers to have a great experience, and Ericsson works closely with them to understand how to best deliver that experience indoors.

For more information, visit www.ericsson.com/indoor.





"EMPLOYEES USED TO COMPLAIN ABOUT OUR BAD INDOOR WIRELESS. THEN WE INSTALLED THE DOT.

NOW THEY JUST GRIPE ABOUT THE COFFEE."

If your company's calls and wireless connections are dropping, so is your productivity. But the weeks it can take to install a new, in-building wireless system can hurt your productivity even worse. That's why many company owners put up with one problem to avoid the other.

But Ericsson's Radio Dot solves both issues. It uses cellular spectrum, so even during peak usage your connections stay smooth and fast without buffering. And the installation for a whole building could take as little as a week, which is much less than other solutions.

Keep your business in business—not limbo.
Connect with Ericsson Radio Dot.

LEARN MORE:
ERICSSON.COM/INDOOR

ERICSSON

Earnest San Francisco

Crunches up to 100,000 data points about prospective borrowers, including transactions in their bank accounts and 401(k)s, to make personal loans and refinance student debt for young borrowers with scanty credit records.

FUNDING: $100 million from Maveron, Andreessen Horowitz, First Round, Battery Ventures

THREAT TO: Banks, credit unions and traditional credit scores from Fair Isaac (FICO)

EquityZen New York City

Connects employees at pre-IPO companies looking to sell stock with prospective buyers.

BONA FIDES: Works with 15 of the top 25 "unicorns"—private startups valued at $1 billion or more

FUNDING: $3.5 million from 500Startups, Silicon Badia Investments, Kima Ventures, zPark

Estimize New York City

Proves old concept—wisdom of the crowd—by crowdsourcing corporate-earnings estimates from general public.

BONA FIDES: Beats Wall Street estimates 70% of the time

FUNDING: $9 million from Contour Venture Partners, Longworth Venture Partners, WorldQuant Ventures

Fundbox San Francisco

Uses new software to solve an old problem for small businesses: They have to wait too long to be paid. By synching with Quickbooks and other accounting software Fundbox offers a small-business owner advances on outstanding invoices; he picks which one he wants to borrow against, and advances are made to his bank account, with repayments later debited automatically.

FUNDING: $107.5 million from Khosla Ventures, SV Angel, Spark Capital, Bezos Expeditions, former Citi CEO Vikram Pandit and others

BONA FIDES: Has already processed 22 million invoices from 20,000 small businesses

THREAT TO: Traditional factoring firms, small-business lenders

Fundera New York City

Small-business loan marketplace allows borrowers to compare terms from 28 lenders.

BONA FIDES: 1,700 borrowers have used platform to borrow $85 million.

FUNDING: $15 million from Khosla Ventures, First Round Capital, QED Investors and others

THREAT TO: Small-business lenders with high rates or hidden fees

Fundrise Washington, D.C.

Real estate crowdfunding site whose backers vet and buy the deals themselves, before reselling to accredited investors.

BONA FIDES: Ties to big real estate players allowed it to sell bonds for 3 World Trade Center

FUNDING: $35 million from Renren, Guggenheim Partners, Silverstein Properties CEO Marty Burger, Ackman-Ziff President Simon Ziff

COFOUNDER & CEO: Ben Miller, 39, from rich D.C. real estate family

HelloWallet Washington, D.C.

(See story, p. 114)

IEX New York City

Stock exchange designed to blunt predatory high-frequency traders' edge.

COFOUNDER & CEO: Brad Katsuyama, 37, hero of Michael Lewis book *Flash Boys*

FUNDING: $100 million from Spark Capital, Bain Capital Ventures and others

Level Money San Francisco

Mobile budgeting app, with over 1 million downloads.

FUNDING: $7 million from Kleiner Perkins and former Citi CEO Sandy Weill. Bought by Capital One in January for undisclosed amount



LearnVest New York City

Connects average folks with financial plans and planners on the Web and in the workplace.

FOUNDER & CEO: Alexa von Tobel, 32

FUNDING: Raised $72 million from Accel Partners and others. Northwestern Mutual bought in March for $250 million-plus

Money.Net New York City

Provides real-time financial market data, news, messaging and analytics for $95 a month per user.

BONA FIDES: Six of nine largest U.S. banks use it

CEO: Morgan Downey, 42, former Bloomberg exec

FUNDING: Undisclosed

THREAT TO: $20,000-a-year Bloomberg terminals

Nav San Mateo, CA

Gives small-business owners access to their business and personal credit scores, help comparing rates from 36 lenders.

FUNDING: $6.5 million from Kleiner Perkins Caufield & Byers, Peak Ventures and others

Personal Capital Redwood City, CA

Offers free dashboard to track and analyze all your finances, using it to find clients for its hybrid robo and human financial advisory service.

FOUNDER & CEO: Bill Harris, 59, a former Intuit and PayPal CEO

FUNDING: $104 million from Blackrock, BBVA Ventures, USAA

Plaid San Francisco

Provides tools for other fintech startups to link bank and credit accounts and process transactions.

BONA FIDES: Used by Motif, Betterment, Wealthfront, Digit, Venmo and Acorns

FUNDING: $15.3 million from NEA, Google Ventures, Spark Capital and others

Premise Data San Francisco

Employs army of Android-wielding locals in 30 countries to collect on-the-ground data that shed light on economic trends in real time.

BONA FIDES: Clients include World Bank, the UN, Bloomberg and Standard Chartered

FUNDING: $66.5 million from Google Ventures, Andreessen Horowitz, Social Capital, Valor Equity Partners

Prosper San Francisco

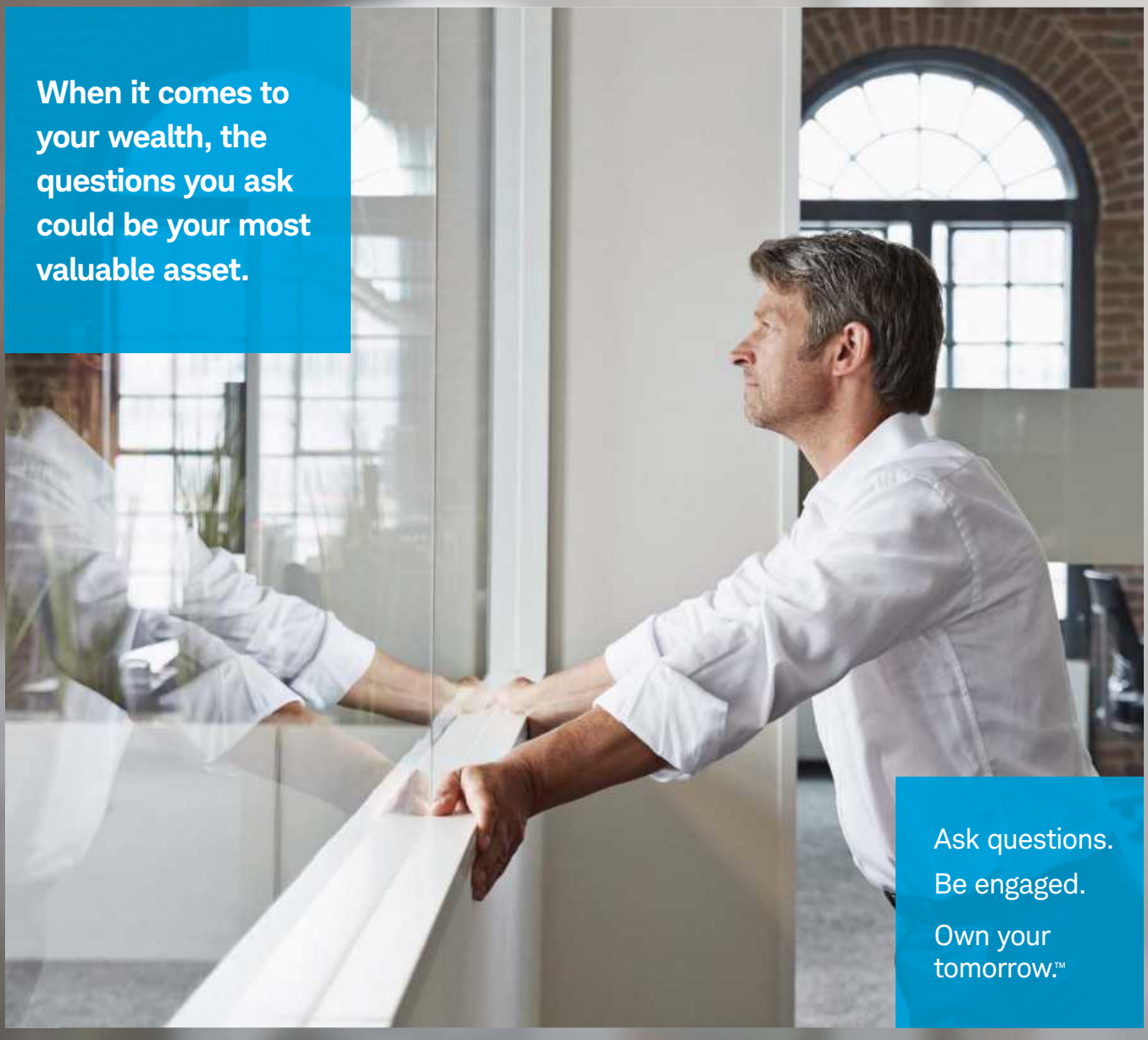
Peer-to-peer lending site connects borrowers and lenders for unsecured loans of $2,000 to $35,000 at fixed rates ranging from 5.99% to 36%.

BONA FIDES: Has originated $5 billion in loans, third only to Lending Club and SoFi

FUNDING: $360 million from Breyer Capital, Neuberger Berman, Sequoia Capital, QED Investors

JAMEL TOPPIN

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Ripple San Francisco



Allows banks to transfer funds in any currency in real time.

BONA FIDES: Partnerships with Earthport, Germany's Fidor Bank, Cross River Bank, CBW Bank

COFOUNDER & CEO: Chris Larsen, 55, cofounder of Prosper and E-Loan

FUNDING: $38.4 million from Andreessen Horowitz, Google Ventures and others

Quantopian Boston

Crowdsources hedge fund by offering quants free platform for back-testing their algorithms. If hedge fund uses an algorithm, creator gets up to 10% of profits.

BONA FIDES: 50,000 folks, including computer scientists, physicists and rocket scientists, have signed on to the platform

COFOUNDER & CEO: John Fawcett, 38, formerly with Advent Software

FUNDING: $23.8 million from Bessemer Venture Partners, Spark Capital, Khosla Ventures

R3CEV New York City

Has signed up 30 banks to jointly develop projects using technology that underlies Bitcoin.

BONA FIDES: Partners include JPMorgan, Goldman Sachs, HSBC, Citi, Bank of America, BNP Paribas and Wells Fargo

FOUNDER & MANAGING PARTNER: David Rutter, 53, former CEO of ICAP Electronic Broking, the electronic clearing giant

Riskalyze Auburn, CA

Its software helps financial advisors quantify clients' risk tolerance and build suitable portfolios.

BONA FIDES: Customers include LPL Financial, Cambridge, SEI, AssetMark and United Planners

FUNDING: $4 million from angel investors

Robinhood Palo Alto, CA

Commission-free stock trading app.

FUNDING: $66 million from Google Ventures, Andreessen Horowitz, actor Jared Leto, Snoop Dogg

Simple Portland, OR

Online bank offering no-fee checking and personal finance tools, such as automatic daily saving.

FUNDING: Bought by Spanish bank BBVA in 2014 for $117 million

THREAT TO: Bank fees

TransferWise London

Chops the high fees individuals and small businesses pay for international money transfers by (invisibly to customers) matching buyers and sellers of each currency.

BONA FIDES: Customers transfer $750 million on the platform a month

FUNDING: $91 million from Peter Thiel, Richard Branson, Andreessen Horowitz

THREAT TO: Big banks' money-transfer profits, Western Union

TrueAccord San Francisco

Brings debt collection into the 21st century by using machine learning programs to analyze individual debtor's responses and customize contacts.

BONA FIDES: Collects 20% more on each dollar of debt than traditional collectors

FUNDING: $6 million from Khosla Ventures, Nyca Partners, Max Levchin

THREAT TO: Traditional collection agencies

TrueEx New York City

Electronic interest rate swaps exchange allows big players to make trades anonymously

BONA FIDES: J.P. Morgan Chase, big hedge funds, have already signed on

COFOUNDER & CEO: Sunil Hirani, 49, the cofounder of Creditex

FUNDING: More than $25 million from management team and other investors

THREAT TO: Tradeweb and Bloomberg

Vouch San Francisco

New social network variant on the old concept of loan cosigners enables borrowers with credit scores as low as 600 to get a lower rate or larger loan online by having multiple friends and relatives guarantee or "vouch" for small parts of the loan—an average of $110 per voucher.

COFOUNDER & CEO: Yee Lee, 42, angel investor in 40-plus companies and former TaskRabbit exec

FUNDING: $9.6 million from Core Innovation Capital, Data Collective, Stanford StartX Fund, IDG Ventures, AngelList, First Round Capital, Greylock

Wealthfront Palo Alto, CA

Robo-advisor with nearly $3 billion under management.

FUNDING: $129.5 million from Index Ventures, Ribbit Capital, Social Capital, Benchmark Capital

WorldRemit London

Phone app for money transfers to Third World, typically charging 2% to 3% on a $200 transfer, compared with 8% current average.

FUNDING: $147 million from Accel Partners, Technology Crossover Ventures

Xignite San Mateo, CA

Supplies financial market data to more than 1,000 financial companies for their apps and websites.

FUNDING: $16.4 million from Starvest Partners, Altos Ventures and Startup Capital Ventures

THREAT TO: ThomsonReuters and Interactive Data

Zenefits San Francisco

Free cloud-based software to help small businesses automate payroll and benefits. Makes money off commissions on health insurance.

BONA FIDES: Valued at $4.5 billion in May
COFOUNDER & CEO: Parker Conrad, 35, also cofounder of SigFig and WikInvest

FUNDING: $581.5 million from Fidelity Management and Research Co., TPG, Andreessen Horowitz, Khosla Ventures



ZestFinance Los Angeles

Uses unconventional metrics to underwrite loans to those with low credit scores or thin credit histories. Example: Borrowers who enter their name in all caps in the online application are poorer risks.

BONA FIDES: Chosen to underwrite loans on big Chinese retail site JD.com

FOUNDER & CEO: Douglas Merrill, 45, formerly Google's chief information officer

FUNDING: $65 million from Flybridge Capital Partners, Lightspeed Venture Partners, Matrix Partners, Upfront Ventures, Peter Thiel, plus undisclosed amount from JD.com

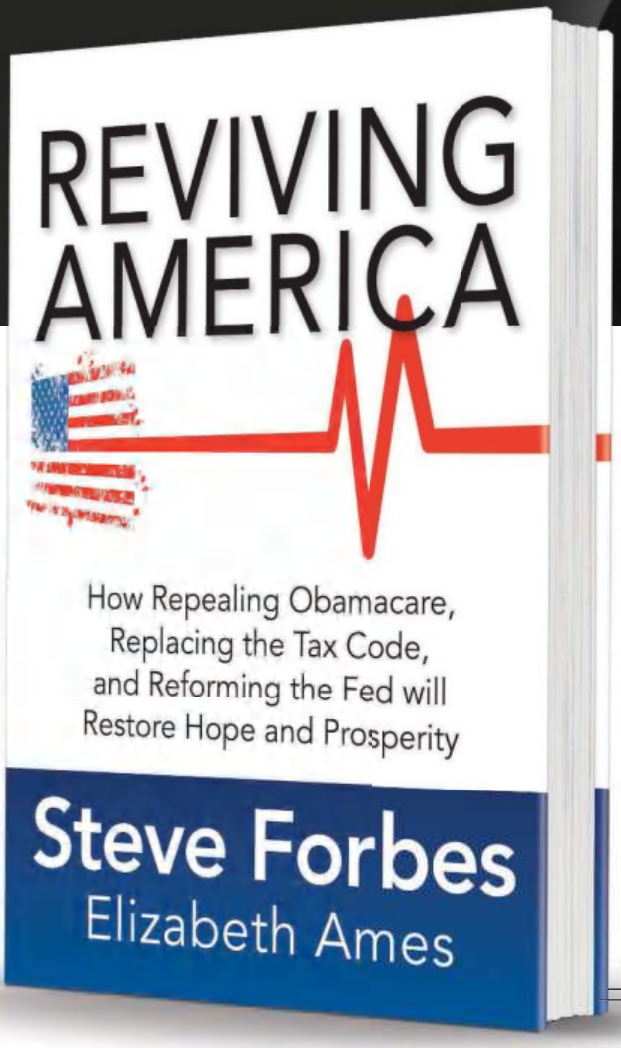
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High on the Hog

ONCE MICHAEL MILKEN'S BUDDY AT DREXEL, CHRIS ANDERSEN HAS THROWN HIMSELF INTO RAISING THE KOBE BEEF OF SWINE.

BY SUSAN ADAMS



Take a look at this little devil," says G. Chris Andersen, 77, rubbing the furry neck of one of his Mangalitsa pigs. "I'm crazy about these unbelievable animals."

The 100-pound 7-month-old critter, its auburn coat as thick as an Airedale's, snorts happily and kicks up dust onto Andersen's tasseled loafers. It presses into Andersen's hand before scratching its side on the metal bars of its spacious shelter, which opens onto a lush pasture. Beyond lie the gentle hills of northwestern New Jersey, an hour and a half from Manhattan, where Andersen spends most weekdays in a corner office of a gleaming 57th Street high-rise.

Andersen is an investment banker who worked at Drexel Burnham Lambert during the junk bond factory's glory days in the 1980s and survived its subsequent demise. For the last eight years he has been consumed by a passion for the Mangalitsa, an exotic variety of pig first bred in Hungary in the 1830s for a Hapsburg archduke. The meat from the Mangalitsa is much fattier, darker and richer than factory-farmed pork. When Andersen first tasted it, he says, "it rocked me back to my socks."

He loves his pigs, but he's not happy about the way they've been draining his bank account. A self-described "food snob," he got into pig farming mainly for fun, but he's determined to make a real business out of it. The obstacles so far have ranged from his own inexperience to the difficulties of building an American market for an unfamiliar European delicacy. He compares his trials as a pig farmer with his efforts on Wall Street, where he came up with creative financing for fledgling companies like early cable provider TCI and cellphone pioneer McCaw Cellular. "I get off on challenges," he says.

Andersen was clueless about pig farming when he started out. A hard charger, he spent 15 years at Drexel (the federal government never named Andersen in any civil or criminal action related to Drexel's downfall in 1990). He was later vice chairman of PaineWebber for five years and now runs his own small firm.

Ten years ago he bought his first pigs after returning from a vacation in Spain, where he'd gorged on the ham known as Jamón Ibérico de Bellota, made from the black Iberian pig. At a Manhattan dinner party he bragged to friends that he could get them some. At the time, though, the Spanish ham was not available in the U.S. (import restrictions have since been lifted). Undeterred, Andersen figured he could make it himself. "I said, 'I'm not a farmer, but I can raise a damn pig,'" he says.

The basic economics of Mangalitsa farming are pretty daunting. While commercially raised pigs spend their entire lives indoors, Andersen's Mangalitsa are given open pasture to thrive. Factory-farmed sows produce litters of a dozen. By contrast, Andersen's Mangalitsa have no more than seven babies. Those piglets take 15 months to grow to the ideal slaughter weight of 325 pounds. Commercial farms slaughter their pigs at five months and 280 pounds. And while Mangalitsa pork sells for a couple of dollars more per pound than the conventional kind, the market for it is small. "It's very, very difficult to produce a profit with these pigs," says Erno Hollo, a veterinarian in Basking Ridge, N.J. who raises them as a hobby. Despite the long odds, Andersen says he is determined to dominate high-end pork in America, and he thinks he's about to break through.

Andersen has pushed past roadblocks before. Severely dyslexic, he had a rough time in school growing up. His father was in the Air Force, and Andersen never spent more than a year in the same school. "Some would test me and say, 'You're a dummy,'" he recalls. "Others would say, 'You're brilliant, but you have terrible skills.'" Persistence and drive got him through the University of Colorado and then business school at Northwestern University. He's worked around his disability by conducting



Culinary crusader: "I'm not a farmer, but I can raise a damn pig."

MATTHEW FURMAN FOR FORBES

all of his business verbally, carrying a voice recorder and directing an assistant to transcribe memos to clients.

His porcine adventure started with one sow and her litter of a common breed called the Yorkshire. He put the animals in a pen on the 240-acre horse farm he owns in Branchville, N.J. Having heard that Spanish pigs eat acorns, he experimented with feed made from chestnut flour and goat's milk. The resulting meat didn't match his fantasy.

Next he tried the Berkshire, a black pig with rotund hindquarters that his wife thought were "cute" when they leafed through a book on pig breeds. This time he paid a golf course groundskeeper to collect acorns for feed. But again the meat was disappointing. After that came what he calls "a pig tour of Europe," where he returned to Spain and discovered that the acorns there were completely different from the American variety.

By 2007 he'd roped his personal chef, Michael Clampffer, into his pork quest. In the food magazine *Saveur* Clampffer read about the Mangalitsa, popular during the days of the Austro-Hungarian Empire but now nearly extinct. Clampffer bought some from a Washington State farmer named Heath Putnam and cooked up his first batch. "It was fabulous," says Clampffer. "It was unlike anything I had had before."

Andersen dived in, buying 80 pigs for $20,000 and installing them on a second property he owns near the horse farm. He hired an Amish construction crew to convert an old barn into a state-of-the-art piggery with a perforated floor that collects waste, which he recycles as fertilizer. The white enclosure is surprisingly free of

For people with a higher risk of stroke due to
Atrial Fibrillation (AFib) not caused by a heart valve problem



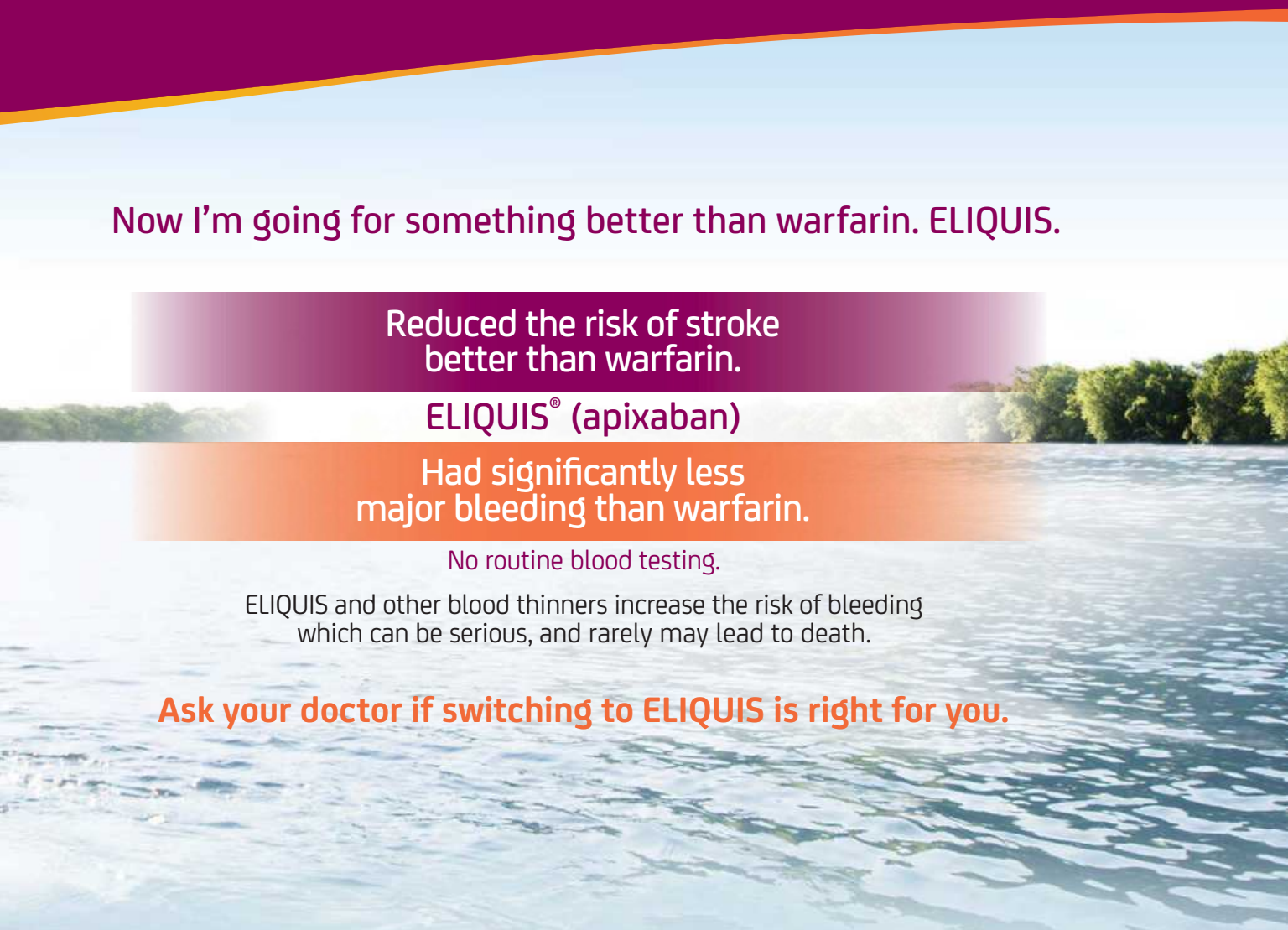
ELIQUIS® (apixaban) is a prescription medicine used to reduce the risk of stroke and blood clots in people who have atrial fibrillation, a type of irregular heartbeat, not caused by a heart valve problem.

IMPORTANT SAFETY INFORMATION:

- **Do not stop taking ELIQUIS for atrial fibrillation without talking to the doctor who prescribed it for you. Stopping ELIQUIS increases your risk of having a stroke.** ELIQUIS may need to be stopped, prior to surgery or a medical or dental procedure. Your doctor will tell you when you should stop taking ELIQUIS and when you may start taking it again. If you have to stop taking ELIQUIS, your doctor may prescribe another medicine to help prevent a blood clot from forming.
- **ELIQUIS can cause bleeding, which can be serious,** and rarely may lead to death.
- **You may have a higher risk of bleeding if you take ELIQUIS and** take other medicines that increase your risk of bleeding, such as aspirin, NSAIDs, warfarin (COUMADIN®), heparin, SSRIs or SNRIs, and other blood thinners. **Tell your doctor about all medicines, vitamins and supplements you take.**

While taking ELIQUIS, you may bruise more easily and it may take longer than usual for any bleeding to stop.

- Get medical help right away if you have any of these signs or symptoms of bleeding:
 - unexpected bleeding, or bleeding that lasts a long time, such as unusual bleeding from the gums; nosebleeds that happen often, or menstrual or vaginal bleeding that is heavier than normal
 - bleeding that is severe or you cannot control
 - red, pink, or brown urine; red or black stools (looks like tar)
 - coughing up or vomiting blood or vomit that looks like coffee grounds
 - unexpected pain, swelling, or joint pain; headaches, feeling dizzy or weak
- **ELIQUIS is not for patients with artificial heart valves.**



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ELIQUIS® (apixaban)

Had significantly less major bleeding than warfarin.

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ELIQUIS and other blood thinners increase the risk of bleeding which can be serious, and rarely may lead to death.

Ask your doctor if switching to ELIQUIS is right for you.

- **Spinal or epidural blood clots (hematoma).** People who take ELIQUIS, and have medicine injected into their spinal and epidural area, or have a spinal puncture have a risk of forming a blood clot that can cause long-term or permanent loss of the ability to move (paralysis). This risk is higher if, an epidural catheter is placed in your back to give you certain medicine, you take NSAIDs or blood thinners, you have a history of difficult or repeated epidural or spinal punctures. Tell your doctor right away if you have tingling, numbness, or muscle weakness, especially in your legs and feet.
- **Before you take ELIQUIS,** tell your doctor if you have: kidney or liver problems, any other medical condition, or ever had bleeding problems. Tell your doctor if you are pregnant or breastfeeding, or plan to become pregnant or breastfeed.
- **Do not take ELIQUIS if you** currently have certain types of abnormal bleeding or have had a serious allergic reaction to ELIQUIS.

A reaction to ELIQUIS can cause hives, rash, itching, and possibly trouble breathing. Get medical help right away if you have sudden chest pain or chest tightness, have sudden swelling of your face or tongue, have trouble breathing, wheezing, or feeling dizzy or faint.

You are encouraged to report negative side effects of prescription drugs to the FDA. Visit www.fda.gov/medwatch, or call 1-800-FDA-1088.

Please see additional Important Product Information on the adjacent page.

Individual results may vary.

Learn about savings and offers.

Visit ELIQUIS.COM or call 1-855-ELIQUIS

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Eliquis®
(apixaban) tablets 5mg 2.5mg

IMPORTANT FACTS about ELIQUIS® (apixaban) tablets

℞ ONLY

The information below does not take the place of talking with your healthcare professional. Only your healthcare professional knows the specifics of your condition and how ELIQUIS may fit into your overall therapy. Talk to your healthcare professional if you have any questions about ELIQUIS (pronounced ELL eh kwiss).

What is the most important information I should know about ELIQUIS (apixaban)?

For people taking ELIQUIS for atrial fibrillation: Do not stop taking ELIQUIS without talking to the doctor who prescribed it for you. Stopping ELIQUIS increases your risk of having a stroke. ELIQUIS may need to be stopped, prior to surgery or a medical or dental procedure. Your doctor will tell you when you should stop taking ELIQUIS and when you may start taking it again. If you have to stop taking ELIQUIS, your doctor may prescribe another medicine to help prevent a blood clot from forming.

ELIQUIS can cause bleeding which can be serious, and rarely may lead to death. This is because ELIQUIS is a blood thinner medicine that reduces blood clotting.

You may have a higher risk of bleeding if you take ELIQUIS and take other medicines that increase your risk of bleeding, such as aspirin, nonsteroidal anti-inflammatory drugs (called NSAIDs), warfarin (COUMADIN®), heparin, selective serotonin reuptake inhibitors (SSRIs) or serotonin norepinephrine reuptake inhibitors (SNRIs), and other medicines to help prevent or treat blood clots.

Tell your doctor if you take any of these medicines. Ask your doctor or pharmacist if you are not sure if your medicine is one listed above.

While taking ELIQUIS:

- you may bruise more easily
- it may take longer than usual for any bleeding to stop

Call your doctor or get medical help right away if you have any of these signs or symptoms of bleeding when taking ELIQUIS:

- unexpected bleeding, or bleeding that lasts a long time, such as:
 - unusual bleeding from the gums
 - nosebleeds that happen often
 - menstrual bleeding or vaginal bleeding that is heavier than normal
- bleeding that is severe or you cannot control
- red, pink, or brown urine
- red or black stools (looks like tar)
- cough up blood or blood clots
- vomit blood or your vomit looks like coffee grounds
- unexpected pain, swelling, or joint pain
- headaches, feeling dizzy or weak

ELIQUIS is not for patients with artificial heart valves.

Spinal or epidural blood clots (hematoma). People who take a blood thinner medicine (anticoagulant) like ELIQUIS, and have medicine injected into their spinal and epidural area, or have a spinal puncture have a risk of forming a blood clot that can cause long-term or permanent loss of the ability to move (paralysis). Your risk of developing a spinal or epidural blood clot is higher if:

- a thin tube called an epidural catheter is placed in your back to give you certain medicine
- you take NSAIDs or a medicine to prevent blood from clotting
- you have a history of difficult or repeated epidural or spinal punctures
- you have a history of problems with your spine or have had surgery on your spine

If you take ELIQUIS (apixaban) and receive spinal anesthesia or have a spinal puncture, your doctor should watch you closely for symptoms of spinal or epidural blood clots or bleeding. Tell your doctor right away if you have tingling, numbness, or muscle weakness, especially in your legs and feet.

What is ELIQUIS?

ELIQUIS is a prescription medicine used to:

- reduce the risk of stroke and blood clots in people who have atrial fibrillation.
- reduce the risk of forming a blood clot in the legs and lungs of people who have just had hip or knee replacement surgery.
- treat blood clots in the veins of your legs (deep vein thrombosis) or lungs (pulmonary embolism), and reduce the risk of them occurring again.

It is not known if ELIQUIS is safe and effective in children.

Who should not take ELIQUIS?

Do not take ELIQUIS if you:

- currently have certain types of abnormal bleeding
- have had a serious allergic reaction to ELIQUIS. Ask your doctor if you are not sure

What should I tell my doctor before taking ELIQUIS?

Before you take ELIQUIS, tell your doctor if you:

- have kidney or liver problems
- have any other medical condition
- have ever had bleeding problems
- are pregnant or plan to become pregnant. It is not known if ELIQUIS will harm your unborn baby
- are breastfeeding or plan to breastfeed. It is not known if ELIQUIS passes into your breast milk. You and your doctor should decide if you will take ELIQUIS or breastfeed. You should not do both

Tell all of your doctors and dentists that you are taking ELIQUIS. They should talk to the doctor who prescribed ELIQUIS for you, before you have **any** surgery, medical or dental procedure.

Tell your doctor about all the medicines you take, including prescription and over-the-counter medicines, vitamins, and herbal supplements. Some of your other medicines may affect the way ELIQUIS (apixaban) works. Certain medicines may increase your risk of bleeding or stroke when taken with ELIQUIS.

How should I take ELIQUIS?

Take ELIQUIS exactly as prescribed by your doctor. Take ELIQUIS twice every day with or without food, and do not change your dose or stop taking it unless your doctor tells you to. If you miss a dose of ELIQUIS, take it as soon as you remember, and do not take more than one dose at the same time. **Do not run out of ELIQUIS. Refill your prescription before you run out.** When leaving the hospital following hip or knee replacement, be sure that you will have ELIQUIS available to avoid missing any doses. **If you are taking ELIQUIS for atrial fibrillation, stopping ELIQUIS may increase your risk of having a stroke.**

What are the possible side effects of ELIQUIS?

- See **"What is the most important information I should know about ELIQUIS?"**
- ELIQUIS can cause a skin rash or severe allergic reaction. Call your doctor or get medical help right away if you have any of the following symptoms:
 - chest pain or tightness
 - swelling of your face or tongue
 - trouble breathing or wheezing
 - feeling dizzy or faint

Tell your doctor if you have any side effect that bothers you or that does not go away.

These are not all of the possible side effects of ELIQUIS. For more information, ask your doctor or pharmacist.

Call your doctor for medical advice about side effects. You may report side effects to FDA at 1-800-FDA-1088.

This is a brief summary of the most important information about ELIQUIS. For more information, talk with your doctor or pharmacist, call 1-855-ELIQUIS (1-855-354-7847), or go to www.ELIQUIS.com.

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flies and stench. On a recent afternoon he pointed out a litter of adorable three-day-old piglets. Mangalitsa babies are striped, and adults mature into one of three colors: white, auburn or black with white bellies. Their tufted fur looks more like sheep's wool than the sparse hair of the pink variety factory farmers raise from high-yielding hybrids.

Finally Andersen had hit on the kind of rich-tasting meat he had been craving. But he didn't own enough land in New Jersey to accommodate his growing herd. He wound up contracting with five farms in Iowa, Missouri and Pennsylvania, where he pays 20 farmers on a per-pig basis. On his three New Jersey farms he has another 20 staffers. He now has 4,500 pigs and plans to quadruple that.

Another challenge that turned into a money suck: finding an abattoir that could handle the Mangalitsa. Because the animals have nearly four times the fat of commercial pigs (which can be butchered in minutes), an experienced butcher must spend an hour taking each one apart by hand. When Andersen started his Mangalitsa operation, only one slaughterhouse, in Missouri, would take his pigs after Andersen flew in a butcher from Austria to demonstrate the correct technique. Shipping animals there and back cost tens of thousands of dollars. He has since found slaughterhouses in New Jersey and Pennsylvania that can handle his pigs.

Andersen still works as an investment banker, taking time out for exotic vacations arranged by his 52-year-old Korean-born second wife, Sung, to spots like Rajasthan and Tierra del Fuego. But the pig venture is never far from his mind. On weekdays he wears a pig lapel pin on his suit, and on the weekends the pin is on the collar of a polo shirt emblazoned with an embroidered yellow patch showing a mature gray Mangalitsa wearing a red crown, to signify its royal lineage, above the words "Mangalitsa by Møsefund." He named his pig business after a Danish uncle's country cabin.

2016 INVESTMENT GUIDE

DO IT NOW!

- Make sure your business idea is something you are really passionate about. It will be harder than you think.
- Research your business costs carefully.
- Find a way to test your business model before you quit your day job.

Andersen has become an evangelist for the Mangalitsa ("People don't understand that it's not fat that makes you fat!") and a critic of USDA regulations that constrain his business. "I can't slaughter a pig on my farm and sell it," he complains. "I have to slaughter it in a USDA facility."



FUTURE OF MONEY DEFINED

Personal Finance Stalkers \'pərs-nəl- fə-'nan(t)s-'stok-ərs\ *n* Wedding photos posted on Facebook will prompt your 401(k) provider to change your beneficiaries. Baby photos will tell your broker to open a 529 college savings plan.

Clampffer works in the pig business full-time; Andersen has brought in another chef, Alex Stotler, to handle sales and, as chief operating officer, Ron Naples, who used to run his own inn in Vermont.

At the Møsefund Farm booth at the Sussex County Fair, Andersen insists on treating me to a Mangalitsa burger. It is like no hamburger I have tasted, overflowing with juices, with a delicate pork flavor that is both sweet and salty, and a scrumptious crust that comes from the bacon Andersen grinds into the patty. It is fatty but, as he promised, not heavy, and the half-pound, usually more than I can handle, leaves me feeling satisfied but not at all sluggish.

After much trial, error and persistence, Andersen believes he's finally found a way to turn a handsome profit. Having failed to make money selling fresh meat, sausage and bacon, he's moving into more sophisticated, and much more expensive, charcuterie and salumi. Andersen says he is finalizing agreements with several household-name national retailers to sell cured and aged Mangalitsa, including *culatello*, a choice Italian-style cut that must hang for up to 12 months inside a pig's bladder wrapped in twine. Culatello can fetch $43 a pound wholesale and $60 retail, as opposed to the $10 to $19 Andersen has been banking per pound from fresh meat. At the moment he sells to more than 40 restaurants, including celebrity chef Gordon Ramsay's BurGR in Las Vegas and Manhattan's Daniel and Restaurant Marc Forgione, run by the former *Iron Chef* contestant. He also sells to the public online and at farmers' markets. But he says he grossed only $1 million in revenue last year with more than $5 million in expenses.

An irrepressible optimist, Andersen is sure his cured meats will catch on and that the public will develop a taste for Mangalitsa. He's entering the charcuterie market on an upswing and tapping into the move away from lean cuts promoted by people who favor meat-centric menus like the paleo diet.

"I got into this because I wanted to prove that I could make one of the most delicious lines of pork products in the world," he says. "I want to be at the top of the pyramid with quality products, that help make sure people are fed better-tasting, healthier food. I'm trying to bring back what a pig should be." F

Retirement Bogeyman

IT MAY SEEM DEAD NOW, BUT INFLATION COULD WRECK YOUR GOLDEN YEARS. WHAT'S YOUR INSURANCE POLICY?

BY WILLIAM BALDWIN

Inflation? What, me worry?

If you are under 30, you scarcely know what this stuff is. If over, you might be lulled by recent events. Since May of last year prices haven't budged.

So open your history books to the 1970s. In that decade Richard Nixon turned the dollar into a purely paper currency, OPEC ignited an explosion in commodity prices and the rise in the Consumer Price Index came in at a nice, even 100%. Gerald Ford was unable to do much with his "Whip Inflation Now" lapel pins. Then Paul Volcker's Federal Reserve had some success.

Complacency is never in order with this animal. The present 0% rate blends an upward march of 2% in the cost of services with a collapse in the price of oil. Let energy merely go sideways, explains Eaton Vance bond manager Stewart Taylor, and you get something like 1.8% inflation. If commodities rebound over several years, 4% inflation could surface.

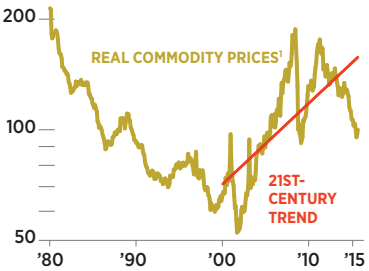
"There's $2.5 trillion of excess reserves on deposit at the Fed," says Taylor. "If the velocity of money ever picks up—if banks start lending that money out—the Fed may be reluctant to tighten as quickly as they would need to. I don't think that today's central bankers are cut out of the same cloth as Volcker."

Even 4% inflation does a lot of damage to your lifestyle. Over 18 years it cuts the value of a dollar in half. If it comes on suddenly it savages long-term bonds.

We will now explore four different ways to make a retirement less vulnerable to rising prices. Each strategy entails some kind of sacrifice—you can't expect insurance to be free—but singly or in combination they may enable you to sleep better.

TURNING POINT?

COMMODITIES SANK DURING THE 20TH CENTURY. THEY MAY BE ON A NEW COURSE NOW.



[1]GMO'S EQUAL-WEIGHTED, INFLATION-ADJUSTED INDEX OF 33 COMMODITIES; 9/30/2015 = 100. *SOURCES: GMO; FORBES.*

TIPS

The government started selling Treasury Inflation-Protected Securities in 1997. This has gotten to be a habit. It now owes $1.1 trillion on these things.

A saver desiring to nail down a certain amount of future spending power can find no better tool. Invest $100,000 in a TIPS due in 2025 and you can be certain of recovering your principal undisturbed in ten years. You'll also get a smidgen of interest, $600 or so a year.

Therein lies the rub: $600 isn't much reward for lending out the capital. Go out 30 years and you get only a little more, $1,200 a year.

Cost-conscious, conservative savers can find reasons to like TIPS. If you buy them at auction and hold to maturity, overhead nibbles nothing away. The Treasury will be auctioning 10-year inflation bonds in January and 30-year bonds in February. Some brokers will submit a noncompetitive tender for you at no charge.

If you need more liquidity, use a fund. Schwab U.S. TIPS ETF has an expense ratio of 0.07% *(see survey of exchange-traded bond funds on p. 98)*. Understand that a fund like this, which constantly rolls over maturing bonds, has no end point, so there is no

BE RESOURCEFUL

THESE OUTFITS EXTRACT THINGS FROM THE GROUND.

TICKER	COMPANY	PRICE	DECLINE[1]	CASH FLOW[2]	YIELD[3]
BHP	BHP BILLITON	$27	–74%	$5.05	9.3%
DVN	DEVON ENERGY	46	–51	9.60	2.1
XOM	EXXON MOBIL	82	–22	8.80	3.6
FCX	FREEPORT-MCMORAN	8	–87	4.80	2.4
POT	POTASH CORP OF SASKATCHEWAN	20	–68	2.80	7.5
TOT	TOTAL	49	–33	9.35	5.5[4]

[1]FROM 5-YEAR HIGH. [2]PROJECTED 2016 NET INCOME PLUS DEPRECIATION, PER SHARE. [3]PROJECTED 2016 DIVIDENDS DECLARED AGAINST CURRENT SHARE PRICE. [4]BEFORE FRENCH WITHHOLDING TAX. *SOURCES: VALUE LINE; YAHOO.*


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guarantee your principal will be intact at some future date.

Whether you own bonds directly or through a fund, your investment's market value can lurch up and down. That ETF was off 7% in the second quarter of 2013.

GOLD

Bonds pay coupons but get destroyed by inflation. Gold is an inflation shield but pays a negative yield (a 0.25% annual fee at iShares Gold Trust). Could you combine these two bad investments into one good one?

There have been times when this pairing would have worked well. The rising inflation that wrecked bonds in the 1970s also made gold a stellar investment. Since then, however, the results have been uneven. In the second quarter of 2013, for example, when long bonds were off 6% (as measured by the iShares 20+ Year Treasury ETF), gold was off 23%.

Gregory D. King, a designer of investment products at Rex Shares, has studied long-term patterns in securities prices. Over the past four decades a hypothetical 60/40 stock/bond mix would have averaged a 10% annual return, he says, with a 9.6% annualized volatility; injecting a 10% allocation to gold would have shaved 0.2% off the return but 0.7% off the volatility. (The returns are before expenses.) That's a tradeoff you might want to make.

In sum, gold is a probable but not certain cushion against double-digit inflation and seems to deliver modest but not cost-free diversity to a portfolio. There is something to be said for the barbarous relic.

2016 INVESTMENT GUIDE

DO IT NOW!

- Hedge inflation with a blend: TIPS, gold, stocks.
- Prepare for painful increases in medical costs.
- Buy your TIPS new at auction.

RESOURCE STOCKS

If inflation comes back, an allocation to fuel or metals or lumber should furnish some protection. But getting that exposure is a tricky business. Commodity futures are a bad idea, says Boston money manager Jeremy Grantham, cofounder of GMO. The farm and forest acreage he recommends to institutional clients is not very accessible. So your best hard-assets hedge may be the shares of resource producers.

Although prices of commodities are depressed for now, Grantham expects the long-term trend in this century to be up *(see chart, p. 72)*. Miners have used up most of the high-grade mineral ores; oil companies must go farther afield to replace their reserves.

If he's right, companies with assets in the ground, efficient operations and strong finances will prosper. But even if he's wrong—and even if inflation remains subdued—resource producers can still make at least some money. The earth must be persuaded to release its energy, copper and potassium.

In the short term, stocks of resource producers are very risky. But over the long term they can deliver. In the past quarter of a century the CPI has not quite doubled. In that period the shares of Exxon Mobil have gone up sixfold and disbursed handsome dividends.

The table displays a few of the companies in the SPDR S&P Global Natural Resource ETF. You could own an assortment of stocks or you could own the fund. The fund provides more diversification but costs 0.4% a year. Owning individual stocks eliminates the overhead and also gives you more opportunity for the harvesting of capital losses.

"REAL RETURN" FUNDS

Imagine if CPI futures traded on an exchange. By taking the long side of the contract, you could add an inflation rider to your fixed corporate pension or private annuity. Or you could make your portfolio of corporate bonds act like a high-yield TIPS.

Too bad there are no such things. Exchange-traded CPI contracts have been tried at least twice since 1985 but have flopped for want of trading volume. Deutsche Bank had a CPI-linked retail note but liquidated the product in February.

What's left? CPI swaps that trade over-the-counter between institutions. You can't buy them, but you can buy a mutual fund that buys them. These funds usually have the words "real return" in their names.

Stewart Taylor is comanager of the Eaton Vance Short Duration Real Return Fund. It uses TIPS, inflation derivatives and floating-rate bank loans to offer shelter from both inflation and jumps in interest rates. Pimco has a $12 billion real return fund using a blizzard of 860 positions—bonds bought or sold short, currency contracts and swaps—to hedge away inflation. It has more exposure to a rise in real interest rates. Expense ratios on these funds consume a significant fraction of the real return that can be had from bonds. But they offer the prospect of doing better than TIPS in some markets.

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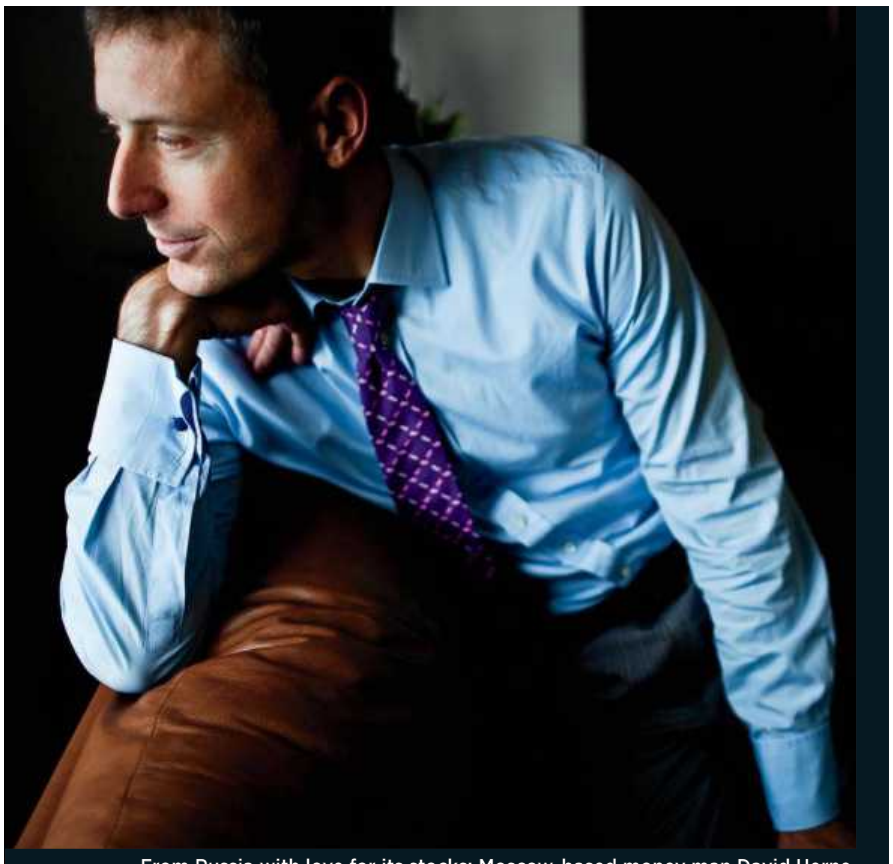
RUSSIA IS AN ECONOMIC BASKET CASE, BUT A FEW BRAVE INVESTORS THINK THIS WILL BE THE YEAR THE RUSSIAN BEAR TURNS INTO A RAGING BULL.

BY KENNETH RAPOZA

Few sovereigns elicit dread among investors the way Mother Russia does.

Even if you put aside the ugly blotches on its track record in capital markets—from its debt default in 1998 to President Putin's expropriation of Yukos Oil in 2003 and the expulsion of star hedge fund manager Bill Browder of Hermitage Capital in 2005—$40 oil, 16% inflation and economic sanctions render Russia untouchable for most investors.

But if ever there was a "buy when there's blood in the streets" strategist, it's David Herne, 44, founder of the 12-year-old Specialized Research & Investment Group (Spring), a $500 million asset-manager company based in Moscow with a staff of 25 spread from London to Tokyo. Herne has been living in Russia since 1994, one of a handful of American and British cowboy investors who came of age at the end of the Cold War and saw opportunity in the collapse of the Soviet Union.



From Russia with love for its stocks: Moscow-based money man David Herne.

ARTEM GOLOSHAPOV FOR FORBES RUSSIA

After falling 49% in 2014, the Russian stock market, as measured by the MSCI Russia Index, is up 10% in 2015, compared with a 14% decline in the MSCI Emerging Markets and a 1% gain in the S&P 500. Year-to-date Herne's flagship, Specialized Russian Growth Limited Fund, is up 20.9%.

Still, trying to sell Russia to investors when there's around-the-clock bad news is impossible. "We don't even bother," Herne says, suited up at a cafe inside the Crowne Plaza Hotel in Moscow. His trusty gal Friday, investor relations manager Yana Starovoytova, nods her head in agreement while pouring herself a cup of jasmine tea. It's about 33 degrees outside in early October. A week before, it was snowing.

Spring, whose offices are 15 minutes from the Kremlin, has five funds in all—two of them new, including a Russian real estate private equity fund and

a 19-month-old global macro fund called the RAN Disaster Protection Limited Fund, which runs in negative correlation to the MSCI World. Herne's current focus is managing the firm's Russian Growth fund, a Cayman Islands-based hedge fund open to individuals for a minimum investment of $250,000. His strategy combines a big-picture global macro approach à la George Soros with proprietary boots-on-the-ground Russia research and Herne's personal connections in Russia's executive suites.

"We've had some Japanese money come into our Russia fund this year," he says, scanning a menu for a quick meal before an upcoming meeting. "But anyone who had a queasy stomach started bailing out of Russia in 2009."

He continues, "There is a joke among experienced Russian investors that says, 'If you bought at the bottom, you get the second bottom for free.' My 20 years of investing in Russia shows that this market is cyclical. After every crisis there is always a market boom. With such an undervalued market it isn't a question of if, but when."

Herne is not alone in betting on Russia's rebound.

Steven Landis, an emerging market bond fund manager for Philadelphia's $165 billion Delaware Investments, is nibbling. "Given the magnitude of challenges Russia has faced, they've done a good job," says Landis on a recent trip to Moscow for an investor conference. "There's been a high degree of volatility in Russian asset prices over the last year, and when you have that kind of volatility you want to be involved in the market."

"We have a significant overweight in Russian equity," adds Gerardo Zamorano of Brandes, a $26 billion investment firm based in San Diego. Roughly 10% of his Brandes Emerging Markets Value Fund is invested in Russia, compared with its 4% weighting in the MSCI.

Like Brandes and Delaware, Herne prides himself on his bottom-up approach to picking stocks. Unlike Brandes and Delaware, Herne is in the

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TIM COHEN
CHIEF INVESTMENT OFFICER
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Over time, U.S. and international equity markets take turns leading and lagging each other. During the past six years, U.S. stocks roughly doubled the return of foreign stocks. But during the previous six years, foreign stocks rose nearly five times more than U.S. equities. Is it time for international shares to re-take the lead?

Understanding what drives these cycles can help active portfolio managers identify opportunities that passive index funds don't account for. With this in mind, Fidelity's research team analyzed the impact of several factors—including equity valuations, GDP growth and earnings growth—on stock market performance. We found the markets that performed best were the ones where companies' earnings grew the fastest.

How can you tell where company earnings will beat the average? Fidelity's active fund managers conduct bottom-up fundamental analysis on a stock-by-stock basis. This process can include analyzing country economic variables that might impact profit growth, such as declining labor costs, improving productivity or a culture of innovation. They also seek countries with supportive government policies, stronger currencies, improving debt ratings or declining interest rates. These are just some of the fundamentals that have driven top-performing equities.

The relative price or valuation of markets is not as closely linked with future market returns. Investors often look at valuation to determine an entry point, assuming that a "cheap" market can provide good upside when it returns to normal. We tested this theory to determine if countries with the lowest relative valuation subsequently had better market performance. The relationship is only modestly positive on a three-year basis, although it does improve over longer time periods.

The correlation between high GDP growth and better stock returns is also weak in the short term and stronger over time. Note, however, that there can be mismatches when comparing GDP growth to stock market results. For example, if a country's equity market is dominated by large commodity exporters, its domestic economy may be less represented in the equity market, and the drivers of equity performance may reach well beyond the country's GDP.

> **"The best explanation for better stock market performance is stronger earnings growth."**
> **TIM COHEN**
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Fidelity's allocation models suggest investors allocate a meaningful part of their equity portfolios to non-U.S. assets. This can provide healthy diversification at any time, but after several years of U.S. outperformance, international assets may provide an additional opportunity.

An experienced, skilled equity manager, working with a global team of research analysts to identify and actively manage the investment opportunities, can help increase an investor's chances of generating potential returns when investing internationally.

Past performance is no guarantee of future results. Views expressed are as of the date indicated, based on the information available at that time, and may change based on market and other conditions. Unless otherwise noted, the opinions provided are those of the authors and not necessarily those of Fidelity Investments or its affiliates.
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trenches, trekking through snow in the Russian winter to visit companies and talk to managers like Herman Gref, chief executive of Russia's financial giant, Sberbank, a top holding that is up 57% year-to-date.

Generally expats like Herne are lured to Russia for one of two reasons: either a fascination with communism or a love for Russian literature. Herne was a *Brothers Karamazov* man. A philosophy major at Harvard, he first arrived in Moscow in 1992 to study Russian. He ended up meeting his future wife, Svetlana, and after graduating in 1994 he left Cambridge to return to Moscow. Westerners were all the rage back during the Yeltsin era, especially ones with a Harvard degree who grew up in Manhattan Beach, Calif. For Russians learning the wiles of capitalism, British-born Herne was the perfect blend of Old and New England, with a shot of California cool. For them it was like "This guy must know everything."

Herne's first job after graduating was with the Boston Consulting Group, advising on electric-power private equity deals for the European Bank for Reconstruction & Development. A year later he started his investing career at Credit Suisse First Boston in international equity sales. He spent the next 15 years getting to know corporate Russia inside out. In 2000 he was elected to the board of RAO UES, then the largest power company in the country, to run its privatization strategy. He's also served on the boards of over a dozen companies, including Aeroflot and Tsum, a luxury shopping center blocks from Red Square. Figuring he knew a thing or two about Russian business, he left in 2003 to create his current long-only investment strategy for foreigners looking for something other than Gazprom and Rosneft.

2016 INVESTMENT GUIDE

DO IT NOW!

- Invest in Herne's actively managed Specialized Russian Growth Fund, if you can risk the $250,000 minimum.
- Buy exchange-traded fund Market Vectors Russia (RSX) for a low-cost, NYSE-traded alternative.
- Consider other "darkest before dawn" sectors, like coal.

Although Herne says timing the market in Russia is next to impossible, his favorite stocks right now include automaker Sollers, which produces about 550,000 vehicles a year in partnership with major companies, including Mazda and Ford, and trades for five times 2016 earnings.

Another favorite is one of Russia's largest real estate developers, LSR Group, up 43% year-to-date and selling for six times 2016 earnings with a 9% dividend yield. Herne also owns shares in state-controlled Bashneft. Its share price is up 42% year-to-date, and it's trading at just 4.3 times earnings with a 7.5% yield.

"I like it only because it is the only Russian oil company for growth equity," he says. By comparison, Rosneft is up around 12%, Lukoil is down 1.8% and Gazprom Neft is down 7% so far this year.

Herne says the ruble's weakness has been a net positive for the 18 companies in his fund. "The Russian government is satisfied with the weaker ruble and will not do much to support it," he says.

That's good news for Russian exporters. Explains Herne, "Production costs are in rubles, revenues from exports are in dollars, making Russian companies more profitable than global peers."

Herne's growth fund started out like a rocket, up 108% in its first two years, trouncing its benchmarks. Then, as Russia's market began to hit the skids in mid-2011, it gave back some of its gains. Since inception in 2009 Herne's growth fund is down about 23% in dollar terms, about the same as the MSCI Russia Index. And while Herne charges investors standard hedge fund fees of "2 and 20," he doesn't get paid the incentive fee unless he beats his benchmark.

For investors who like Herne's Russian-rebound stock theme but can't stomach his minimums or fees, lower-cost exchange-traded funds like Van Eck Global's Market Vectors Russia are available. Bear in mind, however, that these funds are more likely to track oil prices because they tend to be overweight in Russian oil stocks.

Herne isn't waiting for oil to save Russia's economy. He's underweight in oil and gas and overweight in retail powerhouses like Russian grocery and convenience store chain Magnit. If European economic sanctions against Russia are rolled back—a scenario that Herne thinks is more likely with violence abating in Ukraine and growing global acceptance of Russia's air war in Syria—it would turbocharge Herne's portfolio.

"European institutions want to invest in Russia but are currently prohibited. We know who they are because we talk with them," he says.

"I've raised four kids here. We're one of the original foreign managers still left. We never promise something we can't deliver. I know the Russian market will be worth much more than it is today." F

DANIEL HERTZBERG FOR FORBES







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PUTTING AVIATION *to* WORK

BY TONY VELOCCI

Bombardier Global 6000

Highly successful companies employ a robust operational strategy—essentially a blueprint spelling out how they will translate their strategy into action across the organization, enacting the fundamental changes required to achieve breakthrough results.

As it turns out, the vast majority of such companies also employ business aviation. Those who don't are neglecting an amazingly effective—and proven—business tool that can help them grow their companies.

How exactly does this work? According to FedEx Chairman and CEO Fred Smith, "Business aviation has been an integral part of FedEx's success since the day we were founded. The military calls it a 'force multiplier,' and that's what business aircraft have done for FedEx. They have given us the capability to fight above our weight, and with the enormous global network we have in place today, they allow people to move around the world in a much more efficient and productive fashion than would have been the case had we not operated with business aircraft."

UNRIVALED VERSATILITY

Quite simply, business aircraft enable companies to be as agile as they need to be—to the point where the very idea of traveling on a commercial airline evokes quaint memories of the 1970s, when business moved at a measured and mostly predictable pace. Today, businesses need the ability to fly key personnel to any location as efficiently and quickly as possible, often on short notice.

Of all the business jets capable of going practically anywhere at anytime, perhaps the most versatile is the large-cabin, ultra-long-range Bombardier Global 6000—as demonstrated in October by NetJets, one of the leaders in private aviation services worldwide.

A NetJets crew flying a Global 6000 departed from Aspen/Pitkin County Airport in Colorado and flew directly to London City Airport in the U.K., more than eight miles from central London, in a record eight hours. During the 4,168-nm (4,796-mile) journey, they reached a maximum cruise speed of Mach 0.89. They set a second speed record the following day when the crew flew round-trip between London City Airport and Lugano Airport in the Swiss Alps.

Those airports are three of the most difficult in the world, due to a combination of challenging terrain, steep approaches and short runways. Other ultra-long range business jets have the range to connect these airports,



The Global 6000 is Bombardier's third-generation globetrotter, with each iteration more advanced in response to customers' input.

PLANE ENVY



GLOBAL 6000

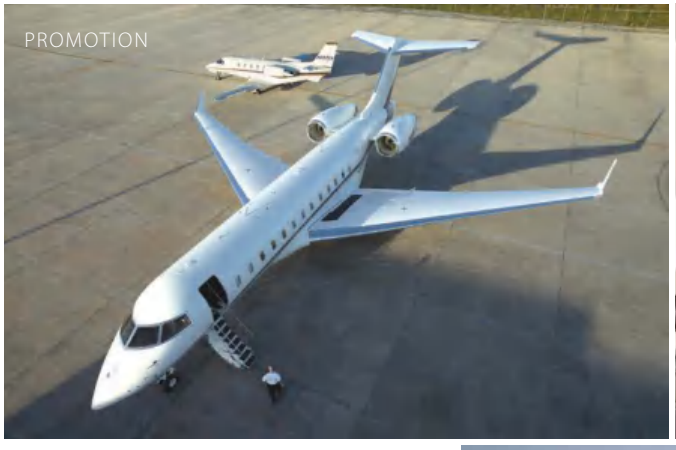
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which are ideally located for business travelers, but the Global 6000 is the only aircraft in its class that is certified to fly into London City. The fact that the Global 6000 was able to safely take off and land at these locations is dramatic proof of its versatility.

The Global 6000 is actually Bombardier's third-generation globetrotter, with each iteration more advanced in response to customers' input. For example, it's the only business jet in its class equipped with an auto-brake system, giving it a stopping distance comparable to that of a light jet, and its flexible wing structure provides one of the most comfortable rides in rough air of any business jet.

MAXIMUM COMFORT ALOFT

The Global 6000's generous cabin width can accommodate wider seats than some other long-range jets, enhancing passenger comfort. Moreover, at typical cruise altitudes, cabin pressurization never climbs above about 5,000 ft., which means that passengers experience virtually no high-altitude fatigue, even on missions lasting up to 12 hours.

The aircraft is configured to carry 12 to 16 people, but few operators routinely transport more than seven passengers—the maximum number that can be accommodated in full-flat berths for overnight missions. At cruise altitude, passengers can switch seamlessly between business and pleasure with Bombardier WAVE, the fastest high-speed Internet service in the sky, a feature that's currently exclusive to Bombardier.

MAKE NO COMPROMISES

NetJets has 15 Global 6000s in its fleet, part of a 2011 transaction for 50 new Globals with options for 70 more. As NetJet's Patrick Gallagher, executive vice president for sales and marketing, pointed out: "The Global 6000 aircraft better enables us to offer customers the ultimate in performance and luxury, taking them where they need to go in the most efficient and comfortable manner."



Bombardier Global 6000

NetJets—a Berkshire Hathaway company—pioneered the concept of fractional ownership. It also was the world's first on-demand private jet charter and management company, dating back to 1964. Today, NetJets operates the largest and most diverse jet fleet in the world, and manages more than 300,000 flights annually to more than 170 countries.

NetJets is currently in the midst of a $17.6 billion fleet-renewal program, which started with the Global 6000. All of these new "Signature Series" aircraft are customized to NetJets' specifications from design through production. Taking its cue from customer expectations, NetJets has upgraded both cockpit and cabin technologies, as well as advanced in-flight entertainment systems.

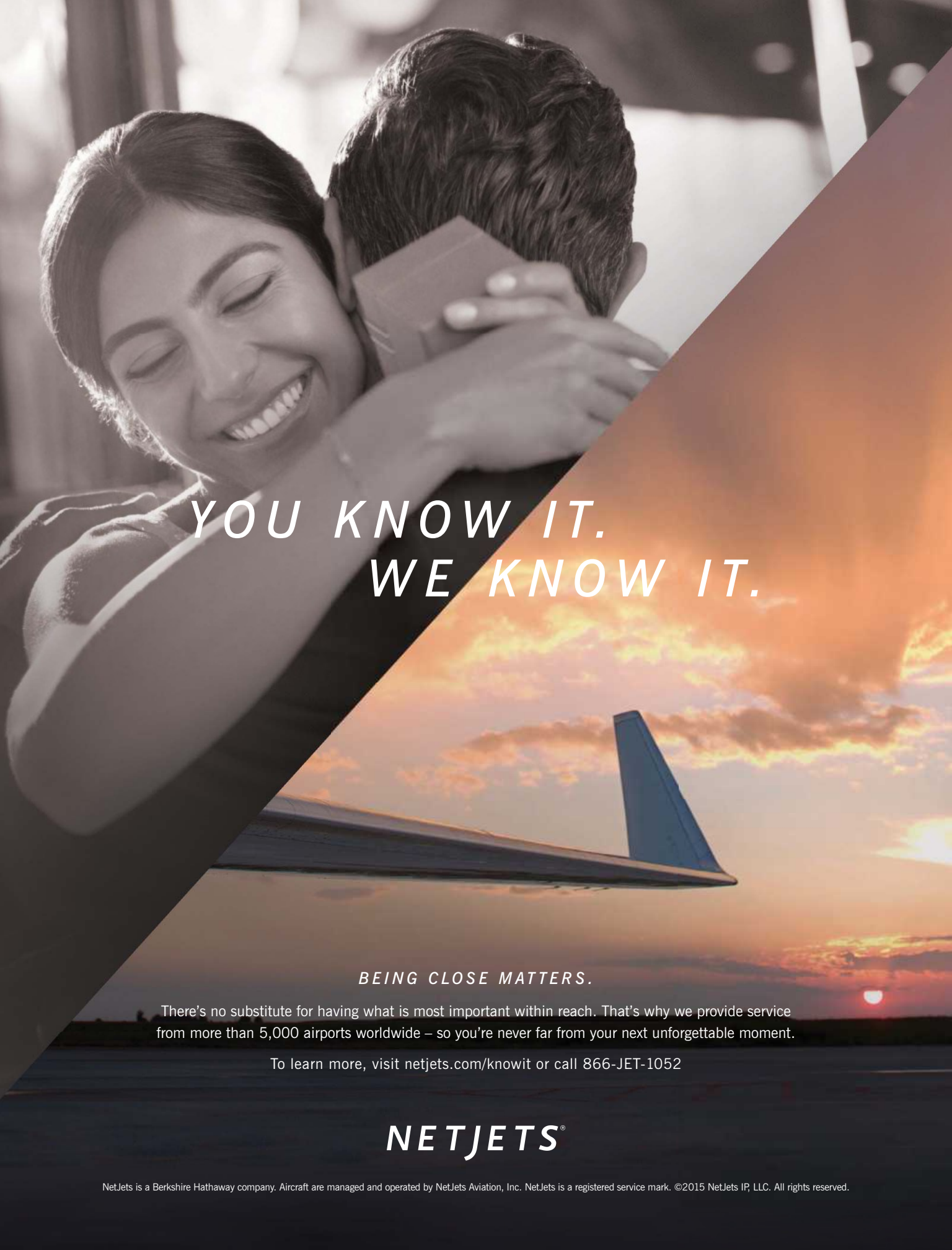
UNPARALLED FLEXIBILITY, GUARANTEED AVAILABILITY

The strategies for accessing business aviation—or making more extensive use of it—range from outright ownership, fractional ownership and leasing, to more on-demand services like charter operations. The beauty of fractional ownership is that it brings



'The Global 6000 aircraft better enables us to offer customers the ultimate in performance and luxury, taking them where they need to go in the most efficient and comfortable manner."

PATRICK GALLAGHER
Executive Vice President for Sales and Marketing, NetJets



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Embraer Legacy 450

enormous flexibility to companies with varying aviation needs. When a business or individual purchases a NetJets share, they acquire an undivided interest in a specific serial-numbered aircraft—ideal for those who fly 50 hours or more a year and prefer the benefits of owning the asset.

There are more than 3,900 NetJets owners worldwide. Owning a fraction of a NetJets aircraft means having guaranteed access to an aircraft with as little as four to six hours' notice, depending on the share size and aircraft type purchased. Moreover, NetJets customers have the opportunity to exchange their share for another aircraft type in the NetJets U.S. fleet that may better satisfy a specific mission. They also can take advantage of the inter-program exchange with NetJets Europe for flights in that region.

Whatever a company's business transportation requirements, the services that NetJets brings to private aviation means that it probably has the solution. NetJets' ability to perform special missions that other private aviation companies cannot—as in the case of its Signature Series Global aircraft that is singularly qualified to operate in and out of a key London airport—makes that point.

There is no lack of innovation across business aviation, but Embraer has had a distinctly profound market impact. Its culture of innovation has led the company to bring to market a cavalcade of new models that meet or exceed customer expectations. In every case, there is a consistent theme of offering more airplane for the money compared to competitors.

For example, the Phenom 100 and 300 entered service in 2008 and 2009, respectively, and now command about 57% of the market—a dramatic testament to how popular they are among operators. The Phenom 300's most valued attributes, according to the people who use them, include its top speed of 450 knots, high-altitude performance and the fact that its operational cost is roughly 20% lower than that of other business jets in its class.

Another example is Embraer's new mid-light Legacy 450, which set new standards in its class for passenger comfort, cruise speed and systems technology. Other than its sister, the Legacy 500, it is the only business aircraft priced under $50 million to boast fly-by-wire flight controls. The digital system reduces pilot workload and provides passengers a smoother ride by dampening out minor bumps, wind gusts and wind shears.

EXTENDED RANGE

Embraer plans to extend the range of the Legacy 450 to 2,900 nm (3,337 miles), an increase of 325 nm (374 miles) over the range of the recently certified aircraft. This will enable nonstop flights from San Francisco to Hawaii and New York to Los Angeles. Not to be outdone, the Legacy 500 recently set two new world speed records in its class, reaffirming its suitability for transoceanic missions as well as coast-to-coast flights.

Even at the upper end of Embraer's product portfolio, where the large-cabin Legacy 650 resides, the innovation story is much the same: a lot of airplane for the money, thanks to its optimum blend of speed, range and cabin comfort in relation to its acquisition and operating costs. The 650 is the only business jet priced under $41 million with transatlantic range, three seating zones and an optional forward-crew lavatory.

While continuous technology innovation is an Embraer hallmark, the company is no less committed to supporting its products, with some of the best customer service available in business aviation.

GLOBAL PRODUCT SUPPORT

To keep a fleet that's rapidly approaching 1,000 aircraft worldwide flying, Embraer operates a network of 65 authorized service centers—26 of them in the U.S.—and six company-owned facilities, half of them in the U.S. The company also operates spare parts hubs in Brazil, the U.S., Brussels, China, Singapore and Dubai, and six regional parts storage facilities, all supported by 42 field representatives worldwide.



To keep a fleet that's rapidly approaching 1,000 aircraft worldwide flying, Embraer operates a network of 65 authorized service centers—26 of them in the U.S.—and six company-owned facilities, half of them in the U.S.

Convenience and customer-oriented innovation will continue to be primary drivers of business aviation, which is projected to grow by about 3% a year for the next ten years. But it is the ability to save time—managers' most valuable commodity—that will always make business aviation an essential business tool.



DO WHAT SEEMS IMPOSSIBLE. THEN DO MORE OF IT.

In the 10 short years of Embraer Executive Jets, we've certified not one, but four clean-sheet designs. We elevated the standards for the light jet category—and then established a new category of mid-size jets altogether. And today, the world's most delivered business jet is an Embraer. Such progress was only possible due to an amazing history building commercial and military aircraft that achieved similar seemingly impossible accomplishments. Proving you can come a long way in 10 years—when it's preceded by 40 years of preparation.

Rethink Convention.

EMBRAER
Executive Jets

EmbraerExecutiveJets.com

NOSEBLEED STOCKS WORTH THE PRICE



THOMAS KUHLENBECK FOR FORBES

SHUNNING FAST-GROWTH small stocks that seem obscenely priced based on near-term P/E ratios could turn out to be a gigantic mistake. Consider Facebook, Apple and Google. Each looked absurdly expensive just before hitting its peak growth years. For companies with explosive long-term growth, using a P/E ratio based on near-term earnings is ridiculous. Additionally, remember that investors often react more quickly than analysts, so sometimes a high P/E based on analyst expectations is simply telling us that expectations are far too low.

The ultimate driver of "value" for high-growth stocks will be earnings years out, not the one-year estimated or one-year trailing earnings that P/Es are typically based upon. Future earnings are driven by rapidly growing sales, healthy margins and a market large enough to support long-term growth. It also takes innovation that can unsettle incumbents and create a competitive moat. Naturally that tends to favor industries like health care and technology, where manufacturing challenges, patents and regulatory hurdles keep out copycats. High gross margins imply pricing power and the potential to create impressive profits as the business scales. Here are four such stocks to buy now:

THE ULTIMATE DRIVER OF VALUE FOR HIGH-GROWTH STOCKS WILL BE EARNINGS SEVERAL YEARS OUT

Based in Dublin, Calif., **CALLIDUS SOFTWARE (CALD, 20)** markets sales-effectiveness and sales-performance management (SPM) software and services. Their CallidusCloud software helps businesses hire and train salespeople, manage leads, construct and quote deals, and manage sales-incentive compensation. Gartner named CallidusCloud a 2015 leader in its coveted Magic Quadrant for SPM software, suggesting strong product-positioning in the marketplace. Callidus is increasing sales 20% and earnings 60%, and has 60% gross margins. Shares trade for 68 times my forward estimate of $0.30.

With its main research-and-development center in Budapest, Boston's **LOGMEIN (LOGM, 70)** provides SAAS-based connectivity and productivity solutions for Internet-enabled devices. While the company is traditionally focused on remote access for PCs, tablets and mobile phones, its next big opportunity is connecting a wider universe of devices known as the Internet of Things. LogMeIn's products are all driven by the firm's "Gravity" platform of servers, software and databases. The company has over a million customers, with 85% of revenues derived from small and medium-size businesses. Shares trade for 40 times my forward estimate of $1.78 for 20% growth and 86% gross margins.

San Diego's **DEXCOM (DXCM, 84)** makes a glucose monitoring system that provides diabetics with continuous glucose information. The company's latest G5 Mobile system, just approved by the FDA, consists of a small sensor that measures glucose levels just underneath the skin and a transmitter that sends data wirelessly to compatible smart devices such as an iPhone. Dexcom competes primarily with Medtronic in this nascent market but has been taking significant share (currently estimated to be 60% for Type I diabetes patients in the U.S.). Improvements over the next one to two years are likely to yield better accuracy, less frequent calibration and FDA approval for insulin dosing (reducing the need for frequent finger-stick testing). If the company is approved for insulin dosing, I would also expect to see Medicare reimbursement to follow. Dexcom isn't yet profitable and will continue investing for growth. Still, I expect the firm to be in the black in 2016, with revenue growth of 40% to some $500 million and 68% gross margins.

Headquartered in Danvers, Mass., **ABIOMED (ABMD, 79)** develops technologies to assist or replace the life-sustaining pumping function of a failing heart. Abiomed's main product, called Impella, is a tiny pump that's 1/100 the size of the human heart and can be inserted into the heart via catheter. By moving blood from the left ventricle of the heart to the body's organs, Impella helps to relieve the diseased heart by increasing blood flow in patients in cardiogenic shock following a heart attack and in patients undergoing cardiac surgery or high-risk angioplasty. Shares trade for 80 times my forward estimate of $1, with 80% gross margins and 30% revenue growth. F

JIM OBERWEIS IS PRESIDENT OF OBERWEIS ASSET MANAGEMENT AND EDITOR OF *THE OBERWEIS REPORT*. FOR MORE INFORMATION VISIT WWW.FORBES.COM/OBERWEIS.

HOLIDAY SPIRITS GUIDE 2015



Whiskey and Champagne Worth the Investment

BY RICHARD NALLEY

PHOTOGRAPHS BY DAVID ARKY



REDEMPTION RYE, 8-YEAR-OLD, BATCH #1 ($90)

You are buying straight-from-the-cellar authenticity in the bottle with this limited-edition rye. Redemption, an artisan, small-batch American producer, essentially pours the barrels, filters out the char and wood chips and bottles it. This version clocks in at 121.5 proof, so tame it with a splash of water.

THE MACALLAN EDITION NO. 1 SCOTCH ($90)

This is the inaugural offering of what Macallan plans as an annual series highlighting the diversity of fine Scotch, and prices have already climbed from the release price above. This first edition is a complex Highland whisky bottled at 96 proof after unstated years in eight different oaks.

WILLIAM GRANT GHOSTED RESERVE 26-YEAR-OLD SCOTCH ($400)

Grant's master blender, Brian Kinsman, rebarreled generation-old malts from two closed ("ghosted") distilleries, Ladyburn and Inverleven, and melded them into this rare and rarefied one-off bottling. This may be the ultimate slow-sipping whisky.

PRECIOUS AMBER

GET IN ON THE GROUND FLOOR OF THESE NEWLY RELEASED WHISKEYS.

THE BOOM MARKET FOR HIGH-END, sophisticated whiskeys is sending distillers back to the drawing boards (and rickhouses) to develop new products that will keep them on the highest shelves. What this means is that a slew of this fall's most tempting—and ambitious—public offerings have come to market in liquid form. Some of these debut whiskeys are rare and may represent a secondary market opportunity in the future, but all are no-fail investments today in promoting fellowship and high-impact gift-giving.



HIBIKI JAPANESE HARMONY ($65)

See opening page: Japanese whisky fans know how complex and sensationally smooth-drinking these spirits can be, and Suntory has raised the bar with this symphonic blend of ten whiskys aged in five different cask types.

ANGEL'S ENVY CASK STRENGTH BOURBON 2015 ($170)

The newest edition of this cult bourbon is aged up to seven years in American oak and finished in Port casks—and bottled at a potent 128 proof. The result is a full-throttle whiskey that makes for some heavenly drinking.

TOP OF THE POP

A GUIDE TO THE ULTIMATE BUBBLE MARKET—TETE DE CUVEE CHAMPAGNE.

THESE ARE HEADY TIMES in the $5 billion Champagne business, with the priciest prestige wines leading the way. If, like Oscar Wilde, you are always satisfied with the best, you would be wise to raise a flute of one of these tête de cuvée Champagnes. Chances are these bottles won't last the night, but it's worth noting that any leftovers should command a premium down the road—trading for older vintages has been dynamic on exchanges like London's Liv-ex, and auction prices have remained impressive around the world. A Sotheby's sale in September featuring a bottle of 1915 Krug (to be tasted in the Champagne house's cellars) drew bidders from four continents and was hammered down for more than $116,000.

But if you can't wait another century, these bottles are perfectly matured and ready when you are.



LOUIS ROEDERER, CRISTAL 2006 ($230)

Celebrities may pour this over one another's heads, but you'd be very happy drinking it. And the top vintages climb at auction over the years—the 1982s are now worth about $750 a bottle.



BLACK BALL CHAMPAGNE 2007 ($150)

From independent, family-owned Champagne Thiénot, this is a debut, special bottling of an all-Chardonnay wine from the varietal's heartland of the Côtes des Blancs. A portion of each sale goes to Keep a Child Alive, which benefits children with AIDS.

KRUG CLOS D'AMBONNAY 1996 ($2,195)

Unlike most Champagnes, this has guaranteed rarity built in—it is crafted entirely from a single, 1.7-acre vineyard planted with a particular strain of Pinot Noir. Krug purchased the tiny, walled Clos back in 1994 but has released only four vintages to date, this one set for nearly 5,000 bottles.

DOM PERIGNON P3 1982 ($1,250)

Think of this as extreme Dom: The "Plénitude 3" offering, the third release of the already much-praised 1982 vintage, was allowed to evolve in the Epernay cellars on its yeast lees for 20-plus years, morphing into a wine worthy of a medieval monk.



POL ROGER 2002, CUVEE SIR WINSTON CHURCHILL ($260)

Pol Roger, among the last of the independently owned Grandes Marques, is famous for crafting Champagnes with a complex character sometimes called "The British Taste," which may explain why Sir Winston loved the stuff. The 2002 vintage was aged in the cellars for 11 years before being disgorged.

CRYSTAL BUBBLES CHAMPAGNE BUCKET ($930) AND CRYSTAL BUBBLES CHAMPAGNE FLUTE ($200) BY SAINT-LOUIS.

ALL CHAMPAGNES COURTESY OF AND AVAILABLE AT SHERRY-LEHMANN, SHERRY-LEHMANN.COM

DISCOUNTED CLOSED-ENDS WITH DELICIOUS YIELDS



FINDING INCOME from all the right places today requires a wider net than ever before. One sector often overlooked by individual investors is closed-end funds (CEFs). Such funds normally trade at an average discount of about –7% to their net asset value (NAV), but these baskets of tradable securities never fully recovered from the September market drop. Discounts are now as high as 18%.

There are a couple of reasons for this divergence from NAV other than underlying fundamentals. First, closed-end funds have no natural audience of investors and few analysts opining on their performance or outlook. Hence their recovery from a market-driven correction will be slower, since they are on fewer radar screens.

A second reason, I suspect, is that CEFs tend to be held by individuals, and many sold in September for tax reasons. Their idea is to buy the shares back after 30 days to avoid running afoul of the wash sale rules. Others are waiting for the December quarterly ex-dividend date to pass. Since such distributions come out of NAV, the thinking is that the price will drop by the amount of the distribution. In my experience this price decline seldom occurs.

What makes CEFs particularly attractive this year is that the September market plunge raised the dividend yield for many to 8% or more. Today you can lock in a hard-to-find cash dividend with an NAV cushion to protect against future market corrections, interest rate rises and further Fed actions. Come January the effects of any Fed rate hike will have played out, and income investors will be hunting for cash yields. I am betting CEFs will be among the top choices.

CLOSED-END FUNDS WILL BE THE GIFT THAT KEEPS ON GIVING IN 2016

One reason CEFs obtain above-market returns is that they leverage their portfolios 30% or more through borrowing at current near-zero rates. With money this cheap, using leverage is a risk well worth taking. However, don't just dive into these willy-nilly. Some CEFs are focused on sectors deserving of high yields and big NAV discounts. Another thing to keep in mind is that closed-end dividends typically feature a mix of earned and accrued interest, dividends, option trading gains and earned capital gains. When a fund runs through all these, it can choose to sustain its dividend payout rate through a distribution paid in capital. When that happens, you want to head for the exit.

Here are a few of my favorite closed-end funds. For preferred stock CEFs I like **JOHN HANCOCK PREFERRED INCOME III (HPS, 17),** which yields 8.54% with a price variance of –10% from NAV versus a normal –7.9% discount. The fund is chock-full of the preferreds of big banks, insurance companies and utilities, and the price here should react to a Fed rate bump, possibly making them an even better buy. For industrial CEFs look at **VOYA INFRASTRUCTURE, INDUSTRIALS & MATERIALS FUND (IDE, 12)** yielding 11.6% with an NAV discount of –15.2% versus a normal –11.4%. Voya's holdings are a treasure trove of multinational blue-chip stocks, including General Dynamics, Siemens AG, Lockheed, General Electric and BHP Billiton.

For an infrastructure play I like **COHEN & STEERS INFRASTRUCTURE FUND (UTF, 19)** yielding 8.43% with an NAV discount of –15.7% versus a normal –14.1%. The fund, which has $2.8 billion in assets, is heavily weighted in regulated and integrated utilities, among them PG&E Corp., NextEra Energy, CMS Energy and the U.K.'s National Grid Plc.

Finally, for a fund investing in midstream MLPs look at **KAYNE ANDERSON MLP INVESTMENT (KYN, 16),** yielding a whopping 16.57% with a price discount of –8.8% versus a normal premium of 8.1%. MLPs such as Kayne, which holds big-pipeline MLPs in its portfolio like Kinder Morgan, Plains All American and Enterprise Products Partners, are some of the most underpriced buys in the market because of oil's woes. F

THOMAS KUHLENBECK FOR FORBES

RICHARD LEHMANN IS EDITOR OF THE *FORBES/LEHMANN INCOME SECURITIES INVESTOR* NEWSLETTER AND PRESIDENT OF LEHMANN LIVIAN FRIDSON ADVISORS. FOR MORE INFORMATION FOLLOW HIM AT FORBES.COM/LEHMANN.

RIDING THE RISE OF THE MACHINES



THE INTERNET OF THINGS is easily the most overhyped technology advance of the last 2,000 years. It's less important than agriculture, the internal combustion engine, the electric light, the airplane, antibiotics, wireless phones, space travel, the Internet itself and, arguably, sugarless gum.

But it's still incredibly important and could represent one of the most lucrative investment opportunities of our lifetime.

Connecting every tangible item and every person in an immersive web of dynamic intelligence over the next 15 years will yield stunning productivity, environmental, medical, entertainment and human benefits.

The new connective mesh could usher in the sort of utopian "hive mind" imagined by science fiction and currently practiced by bees and ants in which no keys are ever lost, no fact unremembered and no communications unsent. Imagine a mind-blowing state of total awareness.

With changes so massive coming you would think it would be easy to figure out how to take advantage. Most white papers at think tanks focus on the connectivity of the things, such as network equipment and sensors. And, to be sure, the recent spate of big semiconductor mergers—

A MIND-BLOWING STATE OF TOTAL AWARENESS AND THE INVESTMENT OPPORTUNITY OF A LIFETIME

i.e., Avago buying Broadcom, Intel buying Altera and NXP Semi buying Freescale—are aimed at scaling up to dominate this next phase of profound connectivity.

Yet most of the value of this brave new world will be in the software that compiles, analyzes and gives meaning to the data collected by billions of sensors and seamlessly knits together objects and people. You might even say that the best Internet of Things projects won't be products at all. They will be services that help us navigate the physical and online worlds with less friction and more joy. The easy software bets in this space are platform toll-takers like the Amazon Web Services and the Azure cloud services unit of Microsoft. But for aggressive investors, the smart bet will be in smaller, cutting-edge software and design companies that help clients bend and blend the worlds of sensors, marketing, connectivity, the cloud and aesthetics for customers' benefit.

One of the most intriguing along these lines is **GLOBANT (GLOB, 36)**, a little-known technology design and engineering firm that went public in mid-2014 at $10 and has since quietly tripled, where it sports a modest $1.2 billion market cap and a forward price/earnings multiple of 32 times.

I recently spoke to Guibert Englebienne, Globant's cofounder and chief technology officer, about his firm's role in the rise of the machines and came away impressed by his humanistic vision of a world where the Internet helps our things serve us better. As an example, consider an air traveler who makes a tight connection. Globant can help the airline create a mesh of software, hardware and sensors that allows the traveler to know whether her luggage caught a different plane and, if so, a specified time when it will be automatically sent to her hotel—no human interaction required.

Englebienne is describing an evolutionary step for companies beyond such current necessities as a powerful website and a slick mobile app. The new development is connective tissue that binds companies and customers into smoother, data-driven relationships.

The two-dimensional world of devices that do only one thing is being replaced by a 3-D world in which our devices automatically find and interact with one another. Yes, our machines will be talking behind our backs.

In this new scenario, sensors in a Nike sneaker will allow the company to build a deeper relationship with you by the automatic uploading of your running pace and mileage to a Web page where you can compare it to others' or share it with them. Your footwear becomes a node in the network. Other small software firms at the vanguard of hyperconnectivity design and analysis are $4 billion **EPAM SYSTEMS (EPAM, 81)** of Newtown, Pa., San Francisco's $1.8 billion **NEW RELIC (NEWR, 37)** and $880 million **HORTONWORKS (HDP, 19)** of Santa Clara, Calif. F

THOMAS KUHLENBECK FOR FORBES

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Ultimate Bond ETF Buyer's Guide

A THREE-PART FORMULA FOR FINDING THE BEST FIXED-INCOME FUND.

BY WILLIAM BALDWIN

Bewildering choices. Rotten yields. That's what you see when you go searching for a fixed-income fund.

Don't throw up your hands. With this guide you can quickly narrow your choice to just a few cost-efficient funds tailored to your tolerance for risk.

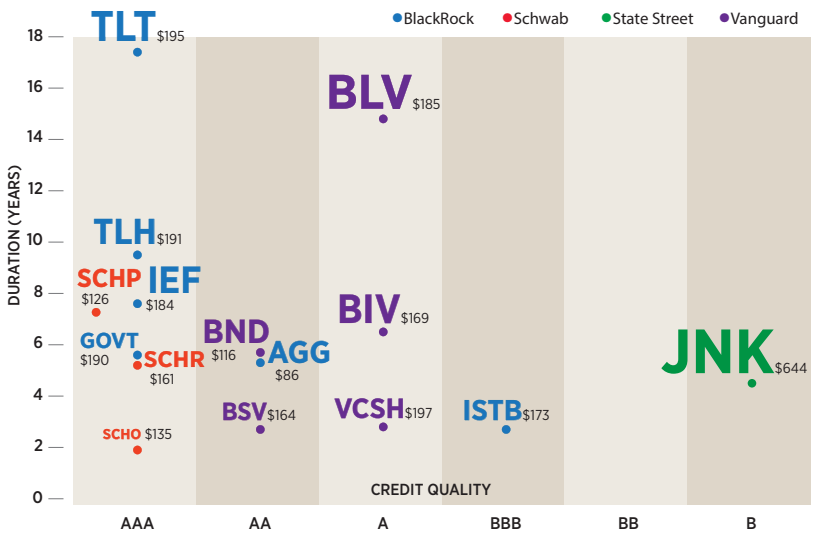
This survey shrinks the menu of 274 bond ETFs down to 15 that are worth your attention. Our select group comprises two broad-market giants, Vanguard Total Bond Market (BND) and iShares Core U.S. Aggregate Bond (AGG), and 13 funds that fit more specialized needs.

You can't escape the reality of dismally low coupons—that's federal policy. But you can save yourself from taking on risks you don't understand and from pouring thousands of unnecessary dollars down an expense drainpipe.

Choosing a bond fund comes down to three things: risk, reward, costs.

BOND FUNDS: RISK AND REWARD

FUND TICKERS ARE ARRAYED BY DURATION (INTEREST RATE RISK) AND CREDIT QUALITY, WITH FATTER TICKERS REPRESENTING BIGGER YIELDS. DOLLAR FIGURES SHOW TEN-YEAR COSTS ON $10,000 INVESTMENT. LIST OF FUNDS IS ON PAGE 113.



SOURCES: MORNINGSTAR; FORBES; BLOOMBERG; FUND DISTRIBUTORS.

You get more reward, in the form of interest payments, for taking on risk. Risk comes in two forms: the financial shakiness of a borrower and the length of time it takes that borrower to repay the money. You get paid more interest, as you should, to lend money to potential deadbeats. You also get rewarded with a bigger coupon on a long-term bond, because there is a danger that soon after you buy, interest rates will go up, and it will be a long wait before you can reinvest at the higher rates.

Do you think the economy will hold up well enough to allow iffy borrowers to do better than most people expect? Then reach out on credit quality with a fund that buys junkier bonds. Do you think inflation will remain tame for the next two decades? Then reach up on the time spectrum with a fund that buys bonds due in 20 or 30 years.

Maybe you can't stand risk at all. Then cower in the safe corner, with an investment in short-term debt from the U.S. Treasury. In that case, be prepared to accept a yield in the vicinity of 0%.

The 15 choices are displayed above with the shorter-term portfolios at the bottom, the safer credits on the left and tickers sized in proportion to the funds' yields. (The difference between short-term and long-term bonds is captured in "duration," a statistic that measures the sensitivity of a portfolio to interest rate fluctuations.) Alongside a ticker is the cost: what you cough up, per $10,000 invested, in management fees and other costs over a decade. The list on page 113 spells out the ticker symbols.

(continued on page 113)

2016 INVESTMENT GUIDE

DO IT NOW!

- Keep corporate bond funds in your tax-free account.
- Expect price erosion on a junk fund.
- Diversify by credit quality and by interest rate risk.







OHIO

Where the Future Is Happening

By Susan H. Burnell

Rich in assets for a broad spectrum of industries, Ohio is prime territory for business launches and expansion, entrepreneurship and innovation. The new Ohio has a model for economic development that is clearly working.

So what is it about the state in the middle of the U.S., which has been the birthplace of seven presidents, the Wright brothers, Thomas Edison and more than two dozen astronauts, including John Glenn and Neil Armstrong? The state is known as the birthplace of flight, and there's a long history of innovation and leadership with deep roots in Ohio that continues today. Ohio is home to Procter & Gamble, Sherwin-Williams, Eaton, Goodyear, Nationwide Insurance, Steris Corporation, Johnson and Johnson's Ethicon business and General Electric. Amazon, Honda, JPMorgan Chase and Boeing also have a large presence in the state, as do some of the world's most promising startups.

"The assets we have across the state are very valuable," says John Minor, president and chief investment officer of JobsOhio. "Then you also have to look at the business environment that's been created here. Add to that what Governor Kasich has done in his administration, and you have a business environment that is conducive to companies growing, expanding and succeeding."

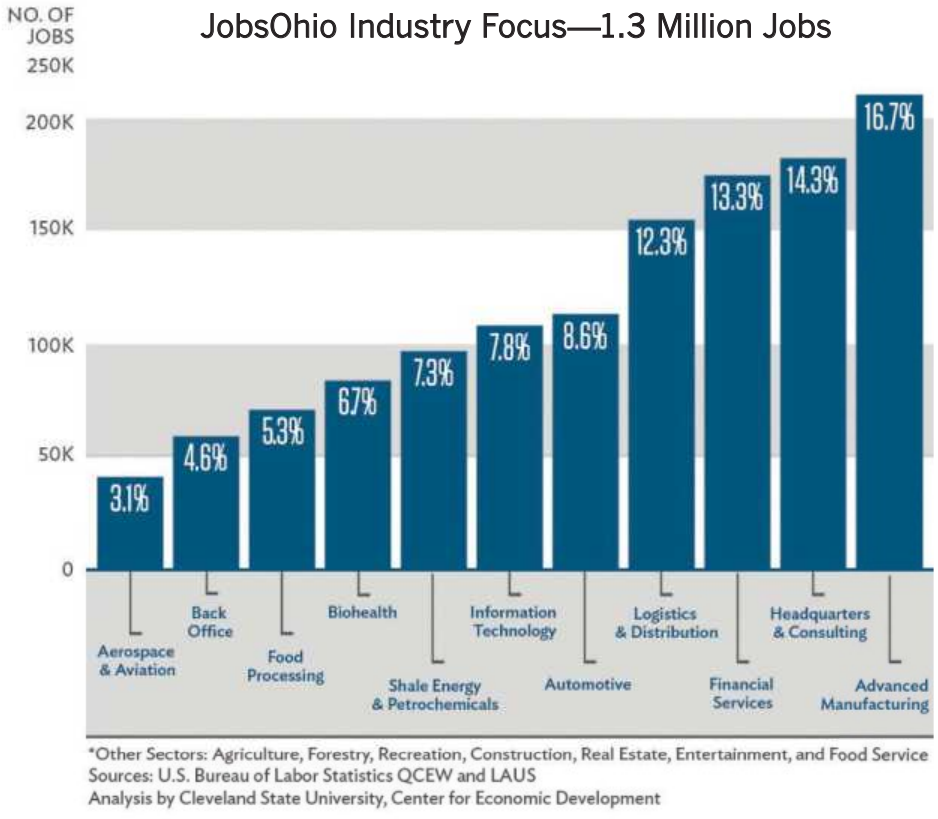
Ohio has a prime economic and business climate, and its location provides market access to 60% of the U.S. population. The state maintains a balanced budget with a $2 billion rainy-day fund, a high credit rating, and incentives for new and expanding businesses. "Companies can be more profitable here," says Kristi Tanner, senior managing director for Automotive at JobsOhio. "We have a pro-business tax climate—the lowest tax burden on new investment in the Midwest, for example."

"When CEOs visit Ohio for the first time, they're impressed by what they see, because it isn't at all what they thought it would be," says Tanner. "We can show them a mix of industries. Our major metropolitan areas—Cleveland, Columbus and Cincinnati—are big enough to offer all the resources and services a company looks for.

JobsOhio

What's also surprising is how comfortable it is to live in Ohio. We have a quality of life with all the cultural amenities they expect, without congestion and long commute times. We also show them they can live in a more suburban or rural area, and still be close to one of the major metros."

Workforce size and affordability are part of the value proposition that makes Ohio a top choice for growth industries. Average wages in Ohio are 11% below the national average. Ohio has a workforce of nearly 6 million and the third-largest manufacturing workforce in the nation. With more than 200 higher education institutions, the state provides a steady supply of highly educated workers. In addition, top teaching and research facilities partner with more than 2,000 companies, further enhancing workers' specialized skills.



*Other Sectors: Agriculture, Forestry, Recreation, Construction, Real Estate, Entertainment, and Food Service
Sources: U.S. Bureau of Labor Statistics QCEW and LAUS
Analysis by Cleveland State University, Center for Economic Development

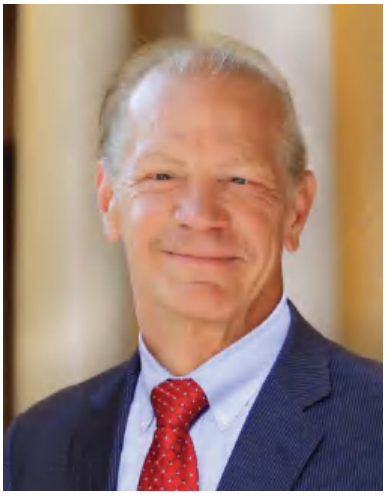
Growing Game-Changer Industries

Ohio is one of the few states that has all five "game changers"—opportunities for U.S. growth and renewal, as identified by McKinsey Global Institute: shale energy, big data analytics, advanced manufacturing, infrastructure and talent.

"Our game changers are part of Ohio's diversified industry base," says Minor. "Some people may still think of Ohio in terms of automotive, agriculture, food processing and manufacturing. Those industries have strong foundations here. But we have a very diverse industry base they may not recognize. It includes IT and big data analytics, biohealth, the chemical sector, financial services and logistics. What's interesting about these game changers is that they cut across various industries. Big data impacts financial services and the healthcare sector. Shale is important in the energy sector, in advanced manufacturing, and in the polymers and chemicals sector. The state's diversity means growth opportunities across the board."

Gov. John R. Kasich has led workforce development reforms that are transforming Ohio's workforce for the state's growth industries. Initiatives are under way to enhance workers' competitiveness, streamline worker-training programs and align them more closely with employers'

ProMedica



**Randy Oostra,
Chief Executive Officer, ProMedica**

As a mission-driven, community-based organization, ProMedica understands that bringing our vision of healthy individuals and healthy communities to life means going beyond our four walls. We must go beyond those moments in which we provide care for people at our facilities to the moments when health is most significantly impacted when and where we live, learn, work and play.

From a foundation of financial and clinical strength, ProMedica executes strategies that make us a highly reliable, high-performing organization. We are integrators of care for our communities, connecting the dots and collaborating with like-minded organizations to impact the social determinants of health, provide the stimulus for economic development, encourage partnerships to revitalize neighborhoods, enhance education and be a catalyst for innovation.

At ProMedica, we improve health by taking a broader view and greater role in the health of our communities, one person at a time.

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PROMEDICA



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We work as a means to support ourselves and our loved ones. For a special type of person, that's not enough. Some are driven to support their communities as well. It's this calling to service that is at the very heart of what ProMedica is all about. Our goal is to care for people, not just at our medical facilities across Ohio, but where they live, work and play.

If you have a drive to be a part of a greater good, then you're that special type of person we're looking for. And we'd love to meet you.

promedica.org/careers

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"JobsOhio takes a 'one firm, one state' approach, and we go to market as one entity. We recognize that when something positive happens in one region of the state, it can indirectly benefit other regions."

—JOHN MINOR, President and CEO, JobsOhio

needs. The efforts have successfully enlisted the support of business leaders in workforce development.

Ohio's natural gas prices are some of the nation's lowest, a benefit of shale extraction now taking place in Northeast Ohio. The Marcellus and Utica shale play attracted the attention of the American subsidiary of PTT Global Chemical (PTTGC), Thailand's largest integrated petrochemical and refining company. In September, the company announced it is ready to invest $100 million for the engineering phase of a world-scale ethane cracker on the Ohio River in Belmont County. JobsOhio has led a two-year effort to bring this opportunity to Ohio.

JobsOhio: Connections and Expertise Statewide

JobsOhio is a private, nonprofit economic development company that helps businesses relocate, expand and prosper in Ohio. It works with six regional partners to promote business development statewide.

"We leverage the experience and expertise in each region to help businesses grow," says Minor. "We take a 'one firm, one state' approach and go to market as one entity. We recognize that when something positive happens in one region of the state, it can indirectly benefit other regions.

"Just like with any private company, our board of directors helps drive the strategy of JobsOhio," Minor explains. "We have a world-class board, with successful leaders in major industries and higher education. They provide the framework and the foundation for corporate governance, which is something that we take very seriously. Our board plays a very important role in the success of JobsOhio and the businesses we serve."

The Columbus Region: Diversified Economy Tops Growth Charts

A thriving 11-county area in Central Ohio, the Columbus Region is home to 2.1 million people. It's the fastest-growing metropolitan area in the Midwest, according to 2015 U.S. Census Bureau reports.

FLEXJET

Flexjet, LLC first entered the fractional jet ownership market in 1995 and celebrated its 20th anniversary in May 2015. Flexjet offers fractional jet ownership and leasing. Flexjet's fractional aircraft program is the first in the world to be recognized as achieving the Air Charter Safety Foundation's Industry Audit Standard, and Flexjet is the first and only company to be honored with its 16th FAA Diamond Award for Excellence.

Flexjet's fractional program fields an exclusive array of business aircraft—some of the youngest in the fractional jet industry, with an average age of approximately six years—including its LXi Cabin Collection, consisting of the Learjet 75, Challenger 350, the Embraer Legacy 450, Global Express, and the Gulfstream G450, G500 and G650 business jets. In addition, the overall jet collection includes the Embraer Phenom 300, Challenger 300 and Challenger 605.

Flexjet is a member of the Directional Aviation family of companies.



FLEXJET

For more details on innovative programs and flexible offerings, visit flexjet.com or call 800.FLEXJET.



ONE CREW. ONE AIRCRAFT.
ONE SEAMLESS, EXCEPTIONAL FLIGHT.

Introducing crews dedicated to a single aircraft. A Red Label captain knows the hum of his engines like his own son's voice. When one crew is assigned to fly a single Flexjet aircraft, a higher level of confidence and consistency becomes possible. With Red Label, we're the only fractional private jet provider to offer a more unified, personal approach to executive air travel.

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YOU WON'T JUST BE FLOWN, YOU'LL BE MOVED.

RED LABEL FLEXJET

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Companies in the region have access to a significant talent pool that's supplied by 63 college and university campuses, and a full array of research institutions and development facilities. Thousands of science and technology organizations have operations here, forming an innovation hub that attracts growth-minded companies of every size.

Big Data Success Story

One of the state's and the region's targeted industries is big data and analytics. A leading big data solutions and services company headquartered in Silicon Valley, Saama Technologies found just what it was looking for in Ohio.

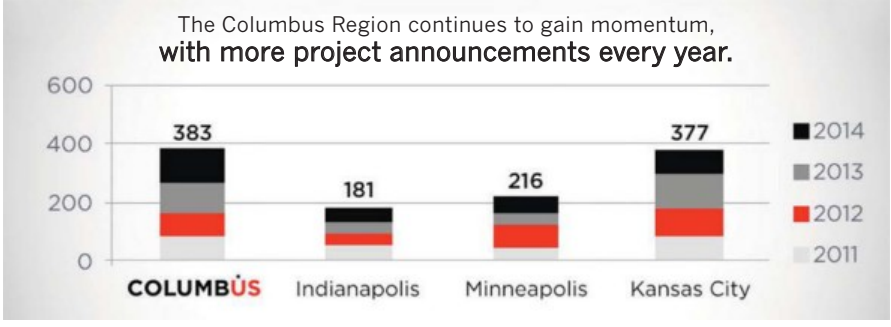
"There are a wide range of initiatives in big data and analytics at Ohio State and across the Columbus region," says Ken Coleman, Saama chairman. "We became even more committed as we looked at the opportunities for talent and partnerships already developing."

"Saama's expanded presence will significantly improve our advanced analytics infrastructure, and the Columbus region can only benefit," notes Kenny McDonald, Columbus 2020 president and chief economic officer.

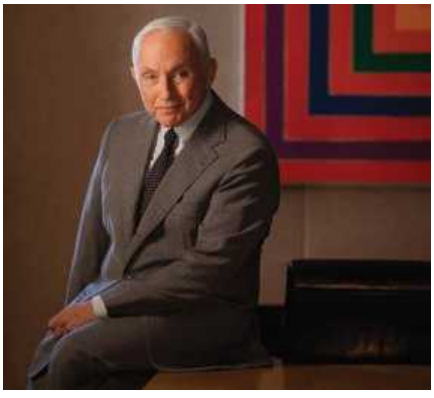
Hub for Retail Operations

Central Ohio's strategic location for retail and e-commerce gained the attention of Klarna, the largest payments company in Europe, last year. One of Europe's fastest-growing companies, Sweden-based Klarna will initiate its





The Columbus Region



Leslie H. Wexner
Founder, Chairman and CEO of L Brands
Headquartered in Columbus, the L Brands family includes Victoria's Secret, PINK, Bath & Body Works, La Senza and Henri Bendel.

The Columbus Region's success has been fueled by a powerful home state, a diverse economy, an uncommonly talented workforce and forward-thinking leadership.

"We are the population center of North America, we are a center of innovation, and we have a thriving creative community," says Les Wexner, founder, chairman and CEO of L Brands. "All of these things make Columbus a great place to build a company and a career. But what makes our business leadership extraordinary is that collaboration is the expectation."

In fact, the Columbus Region has been touted as a national model because its public and private sector leaders collaborate in a way that's unseen in other parts of the country. The result? Columbus is now experiencing its strongest decade of economic growth in its history—adding more jobs than ever, leading the Midwest in population growth, and welcoming industry-leading companies from around the world.

Learn more at columbusregion.com.

THE COLUMBUS REGION



No.1
METRO FOR
WAGE GROWTH
IN THE U.S.
- BUREAU OF LABOR STATISTICS, AUGUST 2015





A REGION AS DYNAMIC AS THE STATE IT CALLS HOME.

A superior location, diverse economy and talented workforce invigorate businesses in Ohio. In the Columbus Region, we're building a decade of unprecedented economic growth through a shared vision and an uncommon willingness to work together. We're proud to call Ohio home.

MOST INTELLIGENT COMMUNITY **IN THE WORLD**
- INTELLIGENT COMMUNITY FORUM, JUNE 2015



FASTEST GROWING CITY IN THE **MIDWEST**
- U.S. CENSUS BUREAU, MAY 2015



THE **COLUMBUS** REGION

Where the new Midwest begins.

To learn more visit ***columbusregion.com***

JobsOhio NETWORK PARTNER

U.S. operations in Columbus. Its Ohio base will provide the same back-end retail services in the U.S. that it provides across 15 markets in Europe, where it currently supports more than 25 million users and 45,000 retailers.

"Columbus is at the heart of retail and e-commerce activity in the U.S., and a perfect launch pad for our U.S. expansion," says Brian Billingsley, chief executive officer, Klarna North America. "Over the coming years, we will invest at least $100 million into the U.S. rollout of Klarna's solution that simplifies buying online."

Subscription-based women's apparel retailer Gwynnie Bee chose the region for a new fulfillment center last year. "The Columbus Region's strategic location, skilled workforce and proven success in e-commerce were major factors in the site selection process," says Robert Escobar, vice president of operations.

Diversity of Industry and Opportunity

The Columbus region continues to attract investment and jobs in other major sectors. Scottish craft brewery BrewDog will open its North American headquarters and first production facility outside the U.K. in Canal Winchester in 2016. The area's biohealth industry gained innovator ProteoSense, developer of a portable food safety-testing device. Healthcare technology company CoverMyMeds, one

(Continued on page 10)



Greater Cincinnati: All-Star Economy in the Midwest

Greater Cincinnati, host of the 2015 All-Star Game, is growing fast and is primed to continue that growth.



The region has one of the most vibrant economies in the country, supporting businesses of all sizes and industries. A diverse array of companies specializing in advanced manufacturing, biohealth, consumer products and brand development, food and flavor processing, as well as back-office functions continues to thrive there.

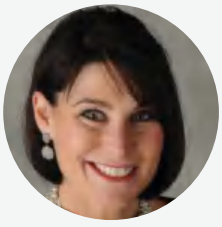
Greater Cincinnati's economic output grew 2.5% in 2014, making it the fastest-growing region in the Midwest and 20th in the U.S., according to the Federal Bureau of Economic Analysis. It's easy to see how this region more than doubled year-over-year job growth in 2015.

REDI HELPS SPUR GROWTH

Formed in 2014, the Regional Economic Development Initiative (REDI) Cincinnati played a key role in bringing $295 million in capital investment and more than 5,000 jobs to the Cincinnati region that year. The economic development organization helps attract, retain and expand businesses in a 15-county region at the intersection of Ohio, Kentucky and Indiana.

Barclaycard and CDK Global were two notable projects REDI worked on 2015. "These projects created 2,500 jobs combined and almost $20 million in capital investments," says Johnna Reeder, president and CEO of REDI Cincinnati.





"We are the regional connection between business leaders and the resources they need to thrive."

—JOHNNA REEDER, PRESIDENT AND CEO, REDI CINCINNATI

With the 2014 announcement of the GE U.S. Global Operations Center moving to Cincinnati, these three projects are some of the largest economic development wins in Ohio since 2005.

But it could not have been done without teamwork. "Our business community is rolling up its sleeves, with CEOs actively engaging REDI Cincinnati and economic development partners across the region," says Gary Lindgren, executive director of the Cincinnati Business Community and REDI board member.

Others are taking note. In November 2015, *Site Selection* magazine named Cincinnati one of the world's most competitive cities in aerospace, chemicals and plastics, food and beverage, metals, and transportation and logistics.

ENTREPRENEUR HUB

Greater Cincinnati is not solely focused on recruiting large companies. REDI also courts smaller, high-tech firms that are changing their industries.

In fact, Techie.com named Cincinnati "One of the ten most unexpected cities for high-tech innovation" in 2013. And *Forbes* listed Cincinnati as "a hotbed for entrepreneurial growth" earlier this year.

"Greater Cincinnati is truly a hub of innovation," says John Barrett, president and CEO of Western & Southern Financial Group and REDI Cincinnati executive board member. "Pioneering companies will feel at home among the hundreds of businesses here that started small before becoming household names."

Cincinnati's story has always been one of innovation, says Reeder. "As a region, we're one of the few places in the U.S. that still makes things—from soap to aircraft engines." And that focus on entrepreneurship attracts companies that are nimble and poised for accelerated growth.

One such industry leader is Stewart Filmscreen Corp. Its projection screens are made of a proprietary material designed to make movies look better in theaters. Stewart Filmscreen won two Oscars for the technology and came to Greater Cincinnati to fuel its expansion.

Aprecia Pharmaceuticals, based in Blue Ash, 20 miles north of downtown Cincinnati, recently won FDA approval for its cutting-edge 3-D printed drug wafer that makes it easier to take and give medication. While 3-D printing has been used to manufacture medical devices, this move marks the first time a drug product manufactured with this technology has earned FDA approval.

Foreign direct investment is also important to the region. "Our recent wins tell us Greater Cincinnati is resonating with a global audience in ways it hasn't before," says Reeder. "Tech Mahindra, an Indian tech firm, and Frutarom, an Israel-based flavorings company, announced their choice of Greater Cincinnati this year."

RELATIONSHIPS AND RESULTS

Organizations across the region are coming together to develop a thriving business ecosystem. "Greater Cincinnati has deep roots, but we're not afraid to change and grow to remain competitive," Reeder says. "We wouldn't be seeing this success without public and private leaders from Ohio, Kentucky and Indiana building strong relationships."

The entire region is working together, and the results are impressive, says Thomas Williams, president and CEO of North American Properties and board chair for REDI Cincinnati. "Our business and government leaders are all-in to ensure that growth is here to stay."

"People come to Greater Cincinnati to make a difference," adds Kay Geiger, president, Greater Cincinnati/Northern Kentucky at PNC Bank and REDI executive board member. "Whether as a young professional just starting out or a seasoned executive looking for a new challenge, our region offers anyone the chance to create positive change. If you have a passion, we'll help you fuel it."

Diversity: An Essential Part of Cincinnati's Success Model

- **Greater Cincinnati is home to more than 450 foreign-owned firms**
- **Named a "model for diversity and inclusion" by *Black Enterprise* magazine**
- **The Human Rights Campaign gave Cincinnati a perfect 100 score on its Municipality Equality Index in 2015**
- **Top three business/economic development organizations are headed by women: REDI Cincinnati (Johnna Reeder), Cincinnati USA Regional Chamber (Jill Meyer), Greater Cincinnati Port Authority (Laura Brunner)**



Health Care Leadership
Life Changing Services

At CareSource, we have seen time and again that when our members have access to resources to maintain their health, they can focus on things to help them achieve their goals.

CareSource Life Services addresses the social determinants that impact a member's health and overall well-being.

Job Connect, a facet of Life Services, links members with Ohio employers who need their skills.

But Life Services doesn't end with a job. It is the start of a two-year commitment to help a member and their family transition beyond poverty.

CareSource Life Services. Another innovative solution from an Ohio company, founded in Dayton.

CareSource.com

CareSource™
Health Care with Heart

(Continued from page 8)

of the 50 fastest-growing companies in Columbus, has doubled its growth every year since its founding five years ago. And telemedicine startup Ardina is solving patient needs in innovative ways with the help of Columbus technology business incubator Rev1 Ventures.

ProMedica: Healthcare and Urban Redevelopment Leader

Hospital system ProMedica worked with JobsOhio and government entities to launch a project that will transform downtown Toledo. In October, the nonprofit healthcare group broke ground on its new downtown headquarters campus. The $60 million project will include the revival of a vintage steam plant that has been vacant for 30 years. ProMedica plans to consolidate its system employees from multiple locations throughout the metropolitan Toledo area to the steam plant and another adjacent building on what will become the ProMedica downtown campus once completed.

"Our move to downtown will help ProMedica be more connected, more efficient and more effective as an organization," says Randy Oostra, ProMedica president and chief executive officer. "At the same time, we hope it will serve as a catalyst in the ongoing revitalization of downtown Toledo."

The steam plant was constructed in 1896 under the direction of renowned architect Daniel Burnham, chief architect of the 1893 Chicago World's Fair. The building served as a power plant until 1930, when it was converted to a steam plant to supply steam heat to downtown buildings. It was shuttered in 1985 amid the conversion to nuclear power.

"It is going to be the most beautiful steam-plant corporate health headquarters you could ever envision," says Aaron Pitts, JobsOhio senior managing director for Biohealth, Agribusiness and Food Processing. The project is expected to be complete in Spring 2017, when ProMedica will welcome nearly 1,000 employees to its new downtown workspace.

The project has received federal, state and local support in the form of tax credits, low interest loans and grants to support historic preservation, new development and job creation.

ProMedica is a 13-hospital system with more than 17,000 employees, 2,300 physicians with privileges, and more than 800 healthcare providers employed by ProMedica Physicians. It offers its own health plan, Paramount, which serves 320,000 members, including more than 225,000 members in the statewide Medicaid plan. In its mission to improve the health and well-being of northwest Ohio and southeast Michigan residents, ProMedica offers diagnostic, medical and surgical specialties in areas such as emergency medicine and trauma, behavioral health, heart and vascular, oncology, orthopedics, neurology, and women's and children's services.

ProMedica collaborates with state and regional educational institutions to offer research, grants and residency programs, as well as fellowship, clerkship, nursing, pharmacy, allied health and continuing education opportunities.

"Making this project a reality has been like completing a complex puzzle with the help of a lot of people and organizations working together," says Oostra. "Working collaboratively, we can



strive to have a transformative impact on healthcare, our community and urban redevelopment."

Cooper Tire: R&D Investment for Competitive Advantage

Ohio offers incentives for new and expanding businesses that include state loan and grant programs and tax credits. An example of the power of these incentives is Cooper Tire, which celebrated its 100th anniversary last year. Cooper's global headquarters is in Findlay, Ohio, where it employs more than 1,900.

The company continues to make significant investments in technology, and in 2014 announced it would locate its Global Technical Center (GTC) on the second floor of its existing Technical building. The GTC drives the development of new technologies that deliver improved performance, environmental advantages and safety benefits for drivers. Cooper received a $2.8 million State of Ohio Third Frontier grant for the project.

"Our decision to locate the GTC in Ohio and invest more than $35 million demonstrates the power of public/private coming together to form an excellent and mutual partnership," says Cooper Chairman, Chief Executive Officer and President Roy Armes.

"Ohio is a great place for Cooper to be headquartered," Armes adds. "There are a number of programs available, like the Third Frontier grant we received, that offer a strong incentive for companies like ours to build on our global technical capabilities in the state of Ohio. JobsOhio was instrumental in making the grant happen, and they've been great partners in this effort."

CareSource: Reshaping the Health Insurance Landscape

Headquartered in Dayton, an epicenter for biosciences and healthcare industries, CareSource is an innovator redefining the health insurance industry.

The leading Medicaid managed-care plan in Ohio, CareSource has deep roots in Dayton and offices in Columbus and Cleveland. "Dayton's history of innovation and entrepreneurship, its culture of institutional collaboration and its community-minded spirit make the region a good fit for CareSource," says Chief Executive Officer and President Pamela Morris. After founding the nonprofit company 26 years ago in Dayton, Morris still contends, "There's no better place than Dayton to grow your business."

Through its Life Services division, CareSource is piloting Job Connect, an innovative model for workforce development. The program works with CareSource members who seek employment and matches them with local employers. The program has had great success in developing an often-overlooked talent source.

Life Services recognizes and then addresses barriers that may prevent individuals from achieving the long-term employment they seek. The program has seen a 93% retention rate at the six-month mark. To date, Job Connect participants have found work in some of the region's largest industries, including manufacturing, retail, financial call centers, healthcare call centers, warehousing and distribution.



"Healthcare is just one ripple in the robust circle of change we want to enable in our members' lives," says Morris.

AK Steel: Driving Innovation in Ohio and Around the World

AK Steel is a world leader in the production of flat-rolled carbon, stainless and electrical steel products, primarily for the automotive, infrastructure and manufacturing, construction, and electrical power-generation and distribution markets. Headquartered in West Chester, Ohio (Greater Cincinnati), the company employs 8,000 men and women at eight steel plants, two coke plants and two tube manufacturing plants across six states. Approximately 3,400 of its employees work in Ohio.

Construction is now under way for AK Steel's $36 million Research and Innovation Center in Middletown, Ohio. The 135,000-square-foot facility will occupy a 16-acre site located in the Cincinnati-Dayton Growth Corridor along Interstate 75. Support from JobsOhio, REDI Cincinnati, the State of Ohio, the City of Middletown, and the Warren County Port Authority helped the company bring the project into being.

"Construction of this new Research and Innovation Center underscores AK Steel's strong commitment to the future of steelmaking in America and to our company's continued industry leadership as a technological innovator in the steel business," says James L. Wainscott, chairman, president and chief executive officer. "While we considered strong proposals from a number of locations, we are very pleased that Middletown—where our company was founded more than 100 years ago—emerged as the clear best option for this investment in AK Steel's future."

The center will provide advanced



"Construction of this new Research and Innovation Center underscores AK Steel's strong commitment to the future of steelmaking in America and to our company's continued industry leadership as a technological innovator in the steel business."

—JAMES L. WAINSCOTT, Chairman, President and CEO, AK Steel

Global Technical Center Keeps Cooper Tire Rolling Worldwide



Chuck Yurkovich, Senior Vice President, Global Research & Development for Cooper Tire & Rubber Company

Our new Global Technical Center is a worldwide center of excellence for advanced and innovative tire science and technology. We could have located it anywhere in the world, including China or the U.K., where we have existing technical facilities. But Cooper Tire chose Ohio. In addition to being our headquarters' home state, Ohio supported this project with a $2.8 million Ohio Third Frontier Industrial Research and Development Center Program (IRDCP) grant that was significant in our $40 million investment. Thanks to JobsOhio and others, Cooper is now developing leading-edge tire technologies right here in the Buckeye State that are being deployed in products sold around the world.

COOPERTIRES

www.coopertire.com

technical support for customers and for new products and processes. This includes developing new stainless steels that offer superior corrosion resistance for a variety of uses, electrical steels that help make the world's electrical grids more energy efficient, and Next-Generation Advanced High Strength Steels (AHSS). By late 2016, AK Steel expects to have the capability to produce one of the first commercially available next-generation AHSS in the world. The company's new technologies will enable AK Steel to introduce a family of steels that have greater formability, and give automakers greater design flexibility to improve safety performance and allow manufacture of lighter-weight vehicles.

Aviation Innovation Soars

Ohio has a longtime connection to the aviation industry. Flexjet continues that legacy as one of the two major fractional jet ownership companies in the state. Based in Dallas, Flexjet is part of Directional Aviation Capital, whose founder, aviation entrepreneur Kenn Ricci, has had an Ohio presence since 1980.

Flexjet employs 350 pilots in the Cleveland area, and 80% of its parent firm's 6,000 employees are in Ohio. From that central U.S. location, the company flies owners throughout North America to the Caribbean and Europe. The company's jet fleet is among the youngest in the fractional jet industry.



Recognized by the FAA for its service excellence, Flexjet also serves the Cleveland community through philanthropic activities. Its jets have been used to fly severely ill patients to Cleveland's UH Rainbow Babies & Children's Hospital for life-saving treatment. Ricci is a member of both the UH Case Medical Center Board of Directors and the Rainbow National Leadership Council. The company also works with county authorities to promote improvements to the Cuyahoga County Airport.

The New Ohio: Momentum Means Continued Success

Business in Ohio has a fundamental sensibility about it. "In state government and across all of our industries, we have a fiscally sound way of doing business," says Aaron Pitts, JobsOhio senior managing director. There's a 'get-along' bias. Ohioans are appreciative of diversity, and they have a generosity of spirit. We approach life and business with an attitude that says, 'Let our advantages become yours.'"



JobsOhio

A long heritage of innovation continues to support Ohio as the state redefines itself. The new Ohio is home to the business-savvy economic development company JobsOhio. As a client-focused, private, nonprofit economic development corporation, JobsOhio helps ensure:

- **Domestic and international businesses can relocate, expand and prosper in Ohio.**
- **Economic development occurs collaboratively through high-value partnerships.**
- **Long-term growth is sustainable through private funding.**

An unmatched team of proactive, business-minded industry experts at JobsOhio helps businesses grow and succeed. As a valued partner to businesses, JobsOhio is flexible, responsive and knowledgeable about the unique needs of companies seeking to invest in Ohio.

JobsOhio utilizes the "One Firm, One State" approach, making it easier than ever for companies to invest in Ohio. The JobsOhio Regional Network includes six regional economic development partners working together strategically to secure growth statewide.


OHIO IS REVOLUTIONIZING THE TECHNOLOGY INDUSTRY.
DISCOVER HOW AT JOBS-OHIO.COM/TECHNOLOGY
BIG DATA KNOWS WHAT WILL HAPPEN IN THE FUTURE.
THAT'S WHY IT'S MOVING TO OHIO.
IBM. Alliance Data. Teradata. JPMorgan Chase. The list of best-in-class data-driven companies thriving in Ohio is growing by the day. Hmmm. What do they know that you don't?
THE FUTURE IS HAPPENING IN OHIO. GET THERE FIRST.
Ohio

The yields in this survey are taken, with one exception, from Morningstar. They are calculated according to a Securities & Exchange Commission formula that does a fair job of indicating what kind of return you can expect.

But the SEC formula has some weaknesses. It does not debit a fund for likely losses to defaults. Nor does the formula allow for the damage caused by call provisions, which permit a borrower to snatch away a bond when the investor least wants to part with it. Those adjustments would take a significant slice—perhaps two or three percentage points—off the apparent yield of a junk-bond fund like SPDR Barclays High Yield (JNK).

Investors in U.S. Treasurys *(see middle column in table below)* have neither calls nor defaults to worry about. But then they get crummy yields.

What you *expect* to earn and what you *will* earn are two different things. What you will earn is a combination of yield and unpredictable price changes. When interest rates rise or fall, prices of bonds go down or up, making your total return lower or higher than the yield.

Yes, the bond market is a scary place. Holders of Treasury bonds got hosed in the 1970s, as rates went up. But they've had some good years since. In 2014 the iShares 20+ Year Treasury Bond ETF—TLT, in the upper left of the graphic on page 98—delivered a 27% total return, Morningstar reports. The SPDR junk pile, at the lower right, lost 30% in 2008 but was up 51% the following year.

More things to think about:

TAXES. These aren't relevant in IRAs and 401(k)s, whose payouts are taxed the same no matter how the portfolio is invested. But if you are investing outside a retirement account, you'd have a second reason, besides high credit quality, to favor an ETF that holds mostly Treasury debt: The freedom of Treasury interest from state income taxes usually flows through to holders of ETF shares.



FUTURE OF MONEY DEFINED

ElectroLite \i-'lek-trə-'līt\ *n* Your new washer, dryer and air conditioner will make smart financial decisions—powering down or delaying cycles when electricity prices are high.

THE GREAT ESCAPE. Many 401(k) plans herd fixed-income investors into overpriced mutual funds. If you have a six-figure account, it will probably pay to escape through the plan's "brokerage window." Once you are inhaling the fresh air outside, order up one of the cheap ETFs in this survey.

THE MUTUAL ALTERNATIVE. Usually, ETFs are cheaper to own than similar no-load mutual funds. But not always.

One noteworthy exception to the general rule is for junk bonds. The best buy, if you can get your hands on it, is the Admiral share class of the Vanguard High-Yield Corporate Fund (VWEAX); its ten-year holding cost, per $10,000, is only $211 to JNK's $644. To qualify for VWEAX you have to park your money at Vanguard and put in at least $50,000.

Some bond ETFs didn't quite make the cut for the select list of 15 but are nonetheless very good buys. Schwab U.S. Aggregate Bond ETF (SCHZ) is omitted because it's extremely close in makeup to iShares Core U.S. Aggregate Bond yet costs a bit more. If you have an account at Schwab, however, go for SCHZ to save on the brokerage commission.

THE 15 BEST BUYS IN BOND ETFS

THESE EXCHANGE-TRADED FUNDS GIVE YOU A GOOD RANGE OF CHOICES IN FIXED INCOME. TO GET A DECENT YIELD, YOU HAVE TO STRETCH OUT MATURITIES (REPRESENTED BY DURATION) OR TAKE ON CREDIT RISK. TAKE SMALL RISKS AND YOU'LL GET A SMALL YIELD.

TICKER	EXCHANGE-TRADED FUND	DURATION (YEARS)	CREDIT QUALITY	TREASURY ALLOCATION	SEC YIELD	TEN-YEAR COST[1]
AGG	ISHARES CORE US AGGREGATE BOND	5.3	AA	31%	2.12%	$86
BIV	VANGUARD INTERMEDIATE-TERM BOND	6.5	A	51	2.62	169
BLV	VANGUARD LONG-TERM BOND	14.8	A	41	4.03	185
BND	VANGUARD TOTAL BOND MARKET	5.7	AA	39	2.35	116
BSV	VANGUARD SHORT-TERM BOND	2.7	AA	59	1.31	164
GOVT	ISHARES CORE US TREASURY BOND	5.6	AAA	100	1.50	190
IEF	ISHARES 7-10 YEAR TREASURY BOND	7.6	AAA	99	2.04	184
ISTB	ISHARES CORE 1-5 YEAR USD BOND	2.7	BBB	39	1.89	173
JNK	SPDR BARCLAYS HIGH YIELD BOND	4.5	B	0	7.16	644
SCHO	SCHWAB SHORT-TERM US TREASURY	1.9	AAA[2]	98	0.59	135
SCHP	SCHWAB US TIPS	7.7	AAA	100	1.88[3]	126
SCHR	SCHWAB INTERMEDIATE-TERM US TRS	5.2	AAA	100	1.52	161
TLH	ISHARES 10-20 YEAR TREASURY BOND	9.5	AAA	99	2.35	191
TLT	ISHARES 20+ YEAR TREASURY BOND	17.4	AAA	99	2.83	195
VCSH	VANGUARD SHORT-TERM CORPORATE BOND	2.8	A	0	2.11	197

[1]CUMULATIVE HOLDING COST ON A $10,000 INVESTMENT, ASSUMING 5% GROWTH; REFLECTS EXPENSE RATIO, BID-ASK SPREAD AND BENEFIT OF SECURITIES LENDING INCOME. [2]MORNINGSTAR HAS AA. [3]EXTRAPOLATED FROM TREASURY YIELD CURVE; ASSUMES 1.3% INFLATION. *SOURCES: MORNINGSTAR; FORBES; BLOOMBERG; FUND DISTRIBUTORS.*

DANIEL HERTZBERGER FOR FORBES

Electronic Nagging

PENSIONS ARE OUT. EMPLOYEE "FINANCIAL WELLNESS" ADVICE IS IN. HELLOWALLET PROVIDES IT ON THE CHEAP.

BY SAMANTHA SHARF

Matt Fellowes was moving briskly along the standard Washington wonk career path. After earning a master's in public policy from Georgetown and a Ph.D. in political science from the University of North Carolina at Chapel Hill, he was hired in 2004 by the Brookings Institution. Then just 29, he threw himself into studying the finances of lower-income families. By 2008 he was testifying before Congress and conferring with Elizabeth Warren, the Harvard Law prof (and now Democratic senator) who conceived the Consumer Financial Protection Board.

Along the way Fellowes, now 40, became convinced that Washington couldn't protect ordinary folks from abusive lenders who charge 400% a year interest for a "payday loan" or help them to budget better, much less save for retirement. Consumers had to get smarter.

As a self-described math geek, Fellowes' first instinct was to create a giant paycheck-optimization spreadsheet—just the sort of thing those in need of help wouldn't use. But his idea morphed into a more promising approach: use big data, electronic communication and insights from behavioral finance to nudge folks to make smarter choices.

Fellowes quit Brookings in 2008 to work on his idea full-time and got a $1 million grant from the Rockefeller Foundation. In 2010 he launched HelloWallet as a for-profit company, with investments from billionaire AOL founder Steve Case, venture capital firm Grotech and his own wealthy relatives. (His great-great-grandfather started office-supply company Fellowes Brands.)

By the time Morningstar, an early investor, bought all of HelloWallet in 2014 at a $52.5 million price, Fellowes had decided the best way to sell his service was to employers as a low-cost "financial wellness" benefit.

Seems that after ditching traditional pension plans and making workers responsible for their own retirements, big companies have decided they want to help their employees achieve financial security after all—so long as they can do it on the cheap via education. Paternalistic? Maybe, and done wrong it can backfire. (Remember McDonald's infinitely insensitive 2013 sample budget for workers suggesting they survive on fast-food wages by holding two jobs?)

But even Warren's creation, the CFPB, is now pushing employers to provide financial education and tools, asserting in a report last year that such efforts pay off by reducing workers' financial stress and increasing their productivity. In January 93% of large employers surveyed told Aon Hewitt they're likely to offer programs



STEPHEN VOSS FOR FORBES

HelloWallet founder Matt Fellowes has learned it's better not to judge when you nudge.



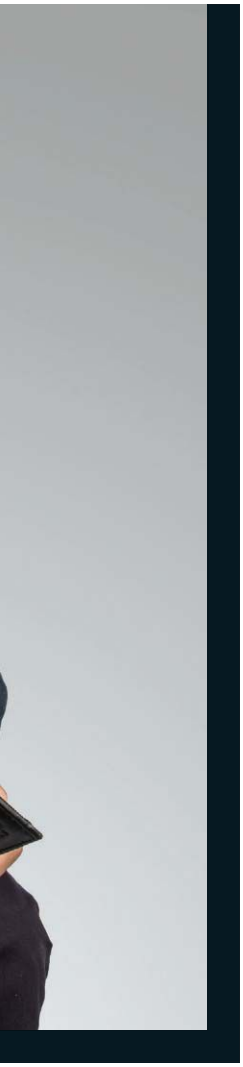
FUTURE OF MONEY DEFINED

VirtueBucks \'vər-chü-'bəks\ *n* Movement recorded on your Fitbit wristband could affect life insurance premiums; safe driving will be automatically reported to your insurer, cutting your bill. John Hancock is already offering discounts to users who monitor their fitness.

promoting employee overall financial well-being (not just retirement), up from 76% in 2014.

So far 26 employers, including United Technologies, Geico, Salesforce.com and Sports Authority, have signed up to offer HelloWallet. Workers pay nothing, while employers are charged anywhere from $50 to $100 per user a year, with rates falling as the number of users rises. Some 91,000 workers—17% of those eligible—have set up HelloWallet accounts.

New users are enticed to link their bank, credit and retirement accounts with an offer to show them how their financial stats compare with their peers'—a pitch HelloWallet has found works well. (It has conducted 300 randomized controlled trials—some very simple—to see what works best to increase participation and change behavior.) Once a user's accounts are linked, the suggestions start. The program might advise someone which credit card balance to pay off first; recommend a higher 401(k) contribution to snag a full employer match; or urge a tax-saving flexible spending or health savings account if a worker has high out-of-pocket medical costs.



If HelloWallet spots a monthly fee on a credit card, it will suggest you look for a different card. If you are hit with a checking account overdraft fee, it sends a nag reminding you of the total fees you've paid this year and a suggestion that you call your bank and lobby to get the overdraft charge removed. Over time HelloWallet has learned that alerts about overdraft fees are appreciated by workers, whereas e-mails carping about their Starbucks habits are not.

"We started out pretty paternalistic, where we would judge on our side what we thought were good expenses and bad expenses," admits Fellowes. "For most people it didn't resonate, because those expenses brought them happiness in their lives. As an anonymous software company trying to build trust in a relationship with someone, it's very hard to start by telling them they are being bad."

Still, if a worker does elect to list coffee shops as a line item in his monthly budget HelloWallet will send an alert if he approaches his limit—putting a positive spin on it. Example: "The end of the month is near, and you're close to meeting your monthly spending for coffee shops. If you don't plan on spending more, you'll be on budget this month."

Participants hear from HelloWallet by e-mail, text message and mobile alerts an average of eight times a month. A user can adjust how often he wants to be bugged and under which circumstances. Notably, active users are on average younger.

Results? HelloWallet claims that workers who use its service for a full year increase their savings by 29%. But one thing it doesn't do is tell workers how to invest those added savings. That's already a big business for new corporate parent Morningstar, which manages $39.4 billion in 401(k) assets for more than 1 million workers at 100,000 companies. "We want to take spenders, convert them into savers and then convert those savers into investors," says Fellowes, who now holds the title of chief innovation officer at Morningstar.

While HelloWallet is the leading provider of automated-only employee financial advice, it has plenty of competition in the workplace. LearnVest, for example, provides individualized financial plans and access to human planners to 25,000 workers through 15 employers. CEO Alexa von Tobel won't say what employers are charged for this service. (LearnVest's price for those signing up on their own is $299 for a financial plan, plus $19 a month.)

2016 INVESTMENT GUIDE

DO IT NOW!

- Use a free dashboard (Personal Capital's works well) to monitor all your bank, credit and investment accounts.
- Get a free nanny—a budgeting app like Level Money.
- Aim to save half of any raise; use it to up your 401(k) contribution.

Sixteen-year-old Financial Finesse, which offers financial education webcasts, workshops and help lines, has signed up 600 employers, with costs depending on the choices a company makes from an à la carte menu.

Meanwhile, outside the workplace lots of new apps—including some on the new FORBES Fintech 50 list *(see p. 50)*—nudge consumers to get their finances in order. Level Money, for example, reminds users how much they have left in their bank account to spend for the day, week and month.

Yet Fellowes himself estimates that only about a third of those needing advice want to get it solely from a computer. So why bet it all on code? "I saw in software an ability to scale what had been an unscalable business," he responds. F

Cloudy Security

YOUR FINANCIAL PLANNER, CPA AND LAWYER ARE JOINING THE TECH REVOLUTION. BE AFRAID.

BY KELLY PHILLIPS ERB



You've heard how cyberattacks on big organizations like JPMorgan Chase, health insurer Anthem and the federal Office of Personnel Management have put the personal information of tens of millions of Americans potentially at risk.

But what if the biggest threat to your privacy comes from the practices of your local financial advisor, longtime lawyer or trusty CPA? Smaller firms are not only keeping sensitive client information on their own servers but also moving it onto the cloud, even though some haven't the foggiest notion of what they're doing. All it takes to get started, observes Ross Hogan, global head of the fraud prevention division at Kaspersky Lab, is a signed contract with a cloud provider. The ability to be up and running with little effort (and potentially even less understanding of how the cloud works), Hogan says, poses a risk to clients.

Consider the experience (or inexperience) of R. T. Jones Capital Equities Management, a St. Louis registered investment advisor. In September it agreed to pay a $75,000 fine and be censured to settle Securities & Exchange Commission charges that it failed to safeguard clients' personal data. That data was stored on Jones' third-party-hosted Web server and was neither encrypted nor kept behind a firewall, the SEC alleged. Worse, while Jones managed retirement money for fewer than 8,000 workers, personal data of 100,000 (who were eligible for its "Artesys" managed accounts, whether they signed up for them or not) was stored on the server and potentially compromised when the site was hacked in 2013 from multiple Chinese IP addresses. Jones, as is standard, didn't admit or deny the SEC charges, and it did not respond to FORBES' request for comment. But according to the SEC's cease-and-desist order, after the breach the firm hired cybersecurity experts and fixed those glaring security problems.

How typical were Jones' lapses? Hard to say. The SEC has had a rule on the books since 2000 requiring investment advisors to secure customer data. But it made cybersecurity a focus of compliance exams only this year.

CPAs and lawyers, for their part, are generally bound by state rules that may or may not require them to take precautions when putting your data on the cloud. Think of all the personal financial and other information your CPA and lawyer have about you—a lot more sensitive, potentially, than your Social Security or credit card number.

What can you do to protect yourself? Ask questions. While your advisor probably isn't a technology expert, he should know enough to answer some basic questions about data security. Take it as a warning sign if he can't. Hogan suggests starting with: What information of mine are you storing on the cloud? Why is it kept there? Your advisor should be able to explain a business purpose, beyond the firm's convenience, for storing your data, Hogan says. Not everything about you needs to be online.

Assuming your information is online, ask follow-up questions. What about encryption? Where is the data stored? Is it a public or private cloud? If public, why? Finally—and this one might get your advisor's attention—is your firm insured against cybercrimes and hacks?

ROBERT BABBONI FOR FORBES

2016 INVESTMENT GUIDE

DO IT NOW!

- Check your credit bureau reports for signs that someone is using your identity. (You can easily monitor TransUnion and Equifax reports for free on CreditKarma.com.)
- Ask advisors what data about you they're storing online and why. Not everything needs to be on the cloud.
- Make your own copies (electronic or hard) of key documents, including tax returns and insurance policies, and keep them in a secure place.

IMAGINE YOU'RE ABOUT TO RETIRE. AND IT'S 2007.



IT TAKES VISION™

Volatile markets can quickly destroy a lifetime of retirement savings. Visionaries demand more for their 401(k) plans. Milliman, a thought leader in managing financial risk, now offers strategies that help keep 401(k) accounts safer when the market corrects. Imagine a safer plan. Imagine a safer retirement. To learn more, visit Milliman.com/retirement.

Milliman



Pay Less Tax

FIVE (LEGAL) OPPORTUNITIES TO END-RUN THE IRS.

BY WILLIAM BALDWIN

Somebody's got a scheme to legally delay taxes on your investment or, better still, to eliminate them. How good is that? It pays to know.

You might be on the fence about boosting your 401(k) contribution or contemplating a 529 college savings plan. You might be tempted by a master limited partnership or—God forbid—a tax-deferred annuity *(see p. 124)*. You might have read about a tax maneuver in FORBES.

Tax avoidance is worth real money but sometimes less than you imagine. It might not be enough to cover the fees on a tax shelter or your loss of liquidity. Below, we appraise five ways to defer or erase a tax bill. In these illustrations we assume the taxpayer is in the 42% bracket for interest and salary and 22% for capital gains and dividends. (Those numbers would be about right for a rich Texan or a prosperous resident of a state with an income tax.) Other inputs: Stocks yield 2% and appreciate at a 5% rate; bonds yield 3.6%; blended accounts start out 60% in stocks and 40% in bonds and are not rebalanced.

THE 401(K) ★★★★★

Assumption: You've already put in enough to get the full company match. You could do another $10,000. Let's say you're 50 and the money won't be used until you're 70.

The retirement account gives you a mere postponement of tax, not an exemption from it. On the other hand it allows you to defer tax on your salary, too. Curious mathematical fact: For someone whose tax rate stays constant, a *deferral* of tax on both the salary and the investment earnings is equivalent to immediate tax on the salary followed by an *exemption* from tax on investing.

Let's walk through the numbers. With our assumptions, passing up the 401(k) opportunity makes $10,000 of pay immediately taxable, leaving you with $5,800 to invest. If you invest it in a 60/40 stock-bond blend, that sum turns into $14,500 at age 70, assuming that you don't rebalance and you don't sell your stocks until the end. We're also assuming you use cheap funds.

Using the 401(k) lets you invest the whole $10,000, which turns into a $31,400 IRA at age 70. Now you take the money out, paying income tax at 42%. Note that IRA withdrawals are taxed at full ordinary income rates. (The low rates on stocks are lost inside a retirement account.)

Even so, you wind up with $18,200 after taxes from the

ROBERT BABBONI FOR FORBES

retirement account. That's exactly how much you would have had putting $5,800 away in a tax-exempt account for 20 years.

In this case the tax dodge adds 1.2 percentage points to your annual return, boosting it from 4.7% to 5.9%. If your tax rate goes down in retirement your gain from the account will be even better than 1.2 points.

THE 529 ★ ★ ★ ★

College savings plans don't just defer the tax on investing, they eliminate it. This kind of tax-favored saving is likely to be a real winner.

Suppose you have an extra $10,000 sitting around when your child is born and want to invest in our 60/40 stock-bond blend.

If you put the money in a Section 529 account for 20 years it will grow to $31,400. That's all yours to spend on the kid's junior year. In a taxable account you'd have only $24,900, and that's assuming you have the wisdom to leave the appreciating shares of stock untouched until you cash out in 2035.

Exemption adds 1.2 percentage points to your annual return: You'd get 5.9% on the tax-free account but only 4.7% after taxes on the taxable account. These are the same numbers you saw in the 401(k) example.

Our figures don't allow for expenses inside the 529 account, which you will presumably minimize by using a bargain plan such as New York's. Nor do they allow for the state tax break you get in some states for funding the account. For New Yorkers this cherry on the ice cream could more than pay for the account fees.

Given the tax exemption, why do we rate college savings below retirement savings? Because, if your child applies for financial aid, that 529 account will be subject to a partial grab by the college bursar. Retirement accounts are usually ignored in the aid formulas.

THE MUNICIPAL BOND ★ ★

Tax-exempt bonds have lower yields but better tax treatment than other bonds. Is this a good deal?

Because munis have both call risk (good bonds can get snatched away by the issuer) and default risk (Detroit, Puerto Rico), you can't compare them with bonds backed by the federal government. Better to stack them up against corporate debt.

The **VANGUARD INTERMEDIATE-TERM CORPORATE BOND ETF (VCIT)** has a duration, or measure of interest rate risk, of 6.4 years. It yields 3.5% after a modest expense burden. That's a bit more than 2% after taxes for our hypothetical high-bracket investor.

At the **VANGUARD LONG-TERM TAX-EXEMPT FUND (VWLUX)** the duration is the same and the yield is 2.4%. Most states would tax most or all of the payouts from the tax-exempt fund. So let's shave a bit off its yield, bringing it to 2.3%.

DANIEL HERTZBERGER FOR FORBES



FUTURE OF MONEY DEFINED

AutoOptimal \'o-tō-'äp-tə-məl\ *n* Asset allocation and tax strategies will become automated as smart robomanagers like Wealthfront and Betterment monitor your accounts and make preauthorized changes, ensuring you are always optimally invested.

That's a quarter of a point better than the aftertax yield on the corporate fund. So munis are good but not to die for.

THE MLP ★ ★ ★

Master limited partnerships, most of which are in the business of schlepping energy via pipeline and barge, tend to pay out fat dividends. Examples: **ENTERPRISE PRODUCTS PARTNERS (EPD), SUNOCO LOGISTICS PARTNERS (SXL).** At least in the early years of your ownership most of that payout is likely to be an untaxed "return of capital."

But when you sell, you get hit by a tax boomerang. Some of your sale proceeds, potentially the full amount of your previously untaxed dividends, will be considered ordinary income. To that extent the MLP has not shrunk your tax bill. It has only deferred the day of reckoning.

MLP accounting is tricky, since it hangs on when you got in and how much new business the MLP takes on. But let's create a simplified case in order to zero in on the value of pure tax deferral.

You put in $10,000, we'll suppose, and get a 6% dividend, not currently taxable. The dividend and share price don't budge for a decade. At that point you sell. The IRS comes after you for tax, at ordinary rates, on $6,000. You pay the same $2,520 tax on your dividends as if they had been taxed at ordinary rates all along. But you have the luxury of paying later.

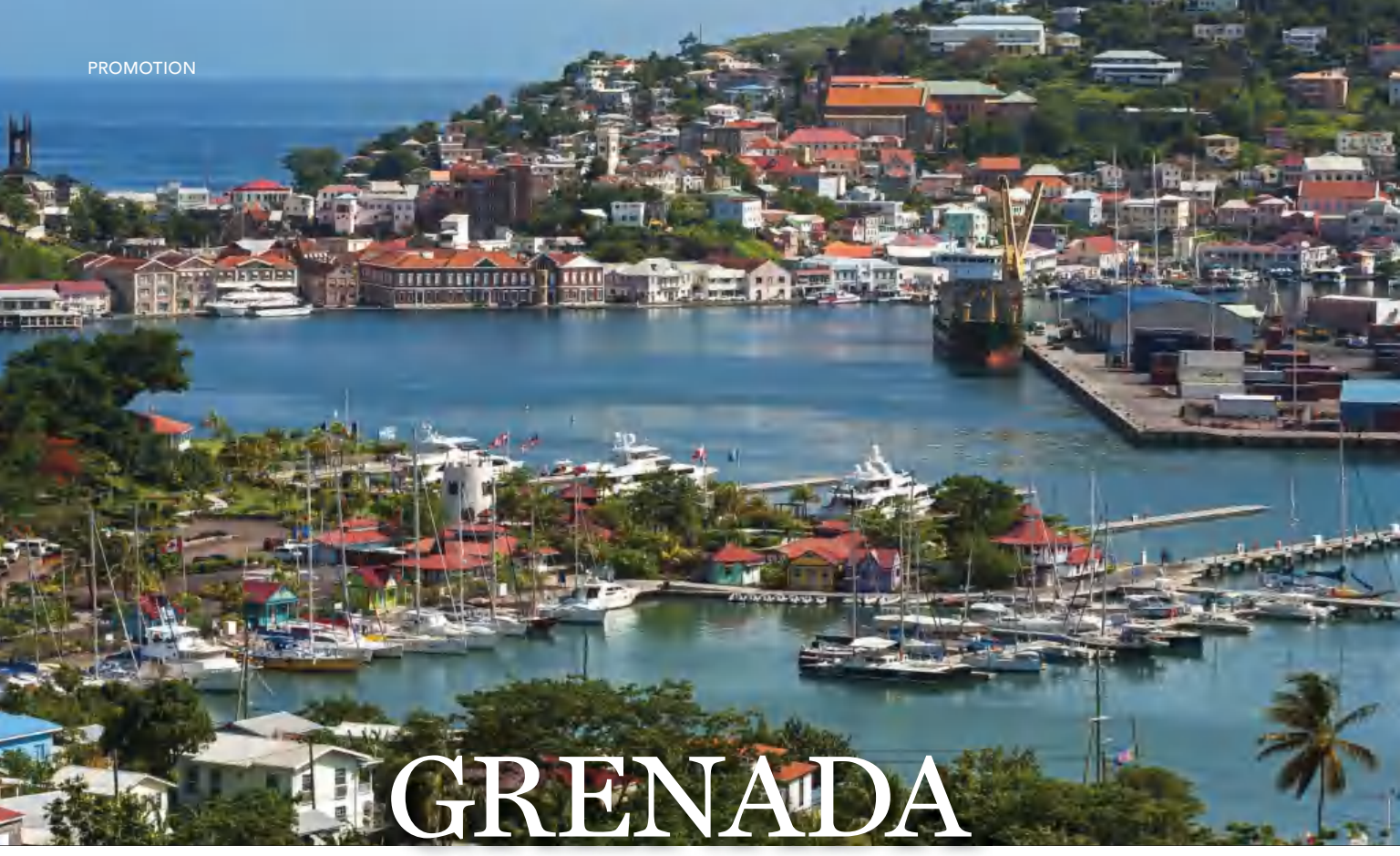
2016 INVESTMENT GUIDE

DO IT NOW!

- Make the taxman wait: Hold on to winning stocks.
- Boost your 401(k) with cheap ETFs.
- Do tax planning in December—and again in January.

If the payouts had been taxed immediately, you'd be clearing $350 a year, for a 3.5% aftertax annual return. The deferral kicks that number up, but to only 3.9%.

Of course, you could do a lot better—if your MLP delivers growth. Also, if you can hang on to the shares your heirs will do well: They can duck the boomerang with the "step-up in basis" conferred on inherited assets. But don't get carried away by the tax sheltering that MLPs promise. If the company displays meager growth and if estate



GRENADA

A PLAN FOR THE FUTURE

Under the leadership of Prime Minister Keith Mitchell, Grenada's government is uniting the country and developing sound strategies to ensure that the island's economic development is sustainable.

The island nation of Grenada lies north of Venezuela and Trinidad and Tobago and south of the Grenadines archipelago, where the Caribbean meets the Atlantic. Its territory encompasses the main island of Grenada, home to most of the country's 110,000 people, and several other isles, the largest and inhabited ones being Carriacou and Petite Martinique in the Grenadines chain.

Colonized first by the French and, after 1763, by the British for more than 200 years, Grenada gained full independence in 1974. Long one of the world's leading producers of spices, Grenada ranks second worldwide in the nutmeg market, accounting for 20% of global supply, and also exports mace, cinnamon and cloves. Over the last quarter-century it has developed a tourism-based service economy, and it now brands itself as "Pure Grenada: The Spice of the Caribbean."

Grenada is located outside the Caribbean hurricane belt. However, for the first time in almost half a century, the country took direct hits from Hurricanes Ivan and Emily in 2004 and 2005, respectively. Further economic misfortune followed in the wake of the 2008 global financial crisis, leaving the tourism industry—which had staged a remarkable recovery from the hurricane damage—with greater capacity than demand. Reflecting the island nation's characteristic resilience, both sectors have bounced back to above pre-hurricane figures. "We built back and built better," says Oliver Joseph, minister for economic development, trade, planning, cooperatives and international business.

The National Democratic Congress–led government, which took office in 2008, proved powerless to reverse Grenada's fortunes, and by 2013 the nation was in dire straits, with growth flatlined and public debt spiraling out of control. That February, responding to the New National Party's vision of building a new economy, Grenadians returned the party and its leader, Dr. Keith Mitchell, to power for the fourth time in a landslide victory.

"When we arrived in office, we were dealing with multiple issues we inherited from the previous government," Prime Minister Mitchell recalls. "The economy was in recession. The government was selling assets to pay salaries and meet expenditures, which is unsustainable in any country."

Mitchell's administration quickly set to work creating growth and confidence, fueled by investment in education and information computer technology (ICT). By the close of 2013, the nation was seeing steady growth for the first time in years and Grenadians were realizing that their sacrifices were paying off.

Section Project Managers: Sheila O'Callaghan and Karim Abou-El-Ela. While in Grenada, the team stayed at Sandals LaSource.
For more information, contact: Gabriel Gutiérrez—g.gutierrez@forbes-cm.com

In June 2015, the government launched the National Plan 2030, a long-term program to extensively develop the "New Economy" with the private sector as the major employer, fulfilling Prime Minister Mitchell's aim of creating a smaller government and a larger private sector.

In the last two years, the administration has made significant progress, bringing together every sector of Grenadian society to ensure that progress is inclusive. Grenada has slashed its monthly deficit from $18 million to $1 million, the national debt shrank by $400 million, and unemployment rates decreased 25%. GDP figures recovered a positive growth trend in 2013 and reached 4.8% last year.

The IMF recently applauded the country for having made the difficult early decisions that led to long-term fiscal sustainability and laid the groundwork for stronger growth. The agency also noted that the government is on track to deliver its first primary surplus in over a decade.

"For 2015, growth of 3.1% has been predicted," the prime minister notes, "but we hope to exceed that. The IMF has been very pleased with our policies so far, and we have the backing of our international partners."

Getty Images/Hemis.fr RM

CITIZENSHIP BY INVESTMENT



Grenada relaunched its Citizenship by Investment (CBI) program in 2013, offering, in exchange for a contribution to the National Transformation Fund or the purchase of preapproved real estate, a range of benefits that should appeal to what Minister for Implementation Alexandra Otway-Noel calls "global citizens who appreciate what Grenada stands for."

With applications subject to individual review by the government as part of its "know your client" policy, these benefits include fast-track processing of applications, inclusion of dependent children and parents (up to 25 and over 65 years old), no residency requirements, no taxation on global income, and visa-free travel to over 115 countries worldwide, including the European Union's Schengen Area, as well as the U.S. and China.

"We aim to be the crème de la crème of CBI programs on offer," the minister says. "It is a very selective process; we are not simply for sale. We want to pursue clients who will invest in Grenada and appreciate what it means to be citizens of our magnificent nation."

www.cbi.gov.gd

Q&A WITH PRIME MINISTER KEITH MITCHELL



"This plan will serve this nation long after some of us in government have ended our period of service and moved on, and will be there for generations to come."

Born in Grenada's capital, St. George's, in 1946, Prime Minister Keith Mitchell captained the national cricket team before completing his doctoral studies in mathematics and teaching the subject at Howard University in Washington, D.C. Elected to Grenada's parliament in 1984, he has held his seat ever since, becoming leader of the New National Party in 1989. He is the longest-serving prime minister in Grenada's history, and in this term and a previous one his party won all 15 seats. He also chairs the Organization of Eastern Caribbean States and heads CARICOM's science and technology efforts. In this interview, the prime minister spoke about Grenada's recent past, its present and its future.

HIS GREATEST CHALLENGES ON TAKING OFFICE

First, we needed to create hope in order to tackle the difficult situation the country faced economically. To do this, we needed to unify all factions—and by this I mean all political parties needed to be at the table. This is something the previous administration would never have thought possible. I also enlisted the support of the trade unions and religious leaders in the dialogue, who spoke to their members. This was the first time this was happening. We all understood huge sacrifices had to be made in order to get the country back on track. Our message was one of national unity, and it rallied Grenadians that we needed to put our differences aside for the good of the country. It was time to create a win-win situation.

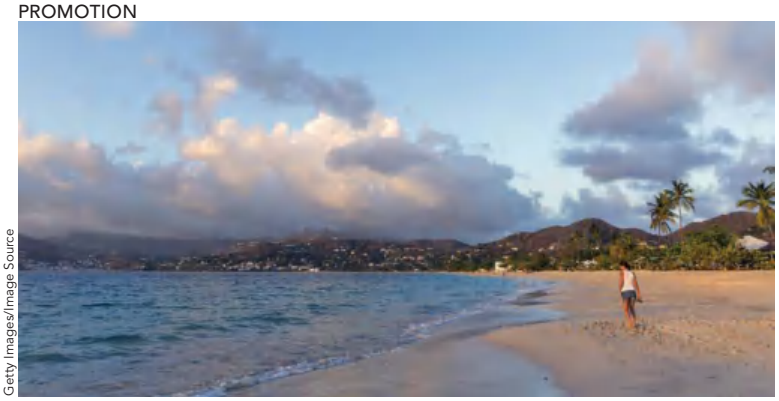
MAKING THE NEW ECONOMY A REALITY THROUGH THE NATIONAL PLAN 2030

We had to be innovative in our thinking and actions. The public sector was bloated and inefficient. There was low productivity, so we made some hard but necessary decisions to make it function better. There was a sense of hopelessness in our young people, and we needed to empower them to unleash their entrepreneurial spirit if the country were to go forward. We made people accountable for their work and created smaller working bodies to produce and deliver on goals. This is a homegrown National Plan that identifies information and communication technology as the main pillar for growth and transformation. It will be rolled out over the coming 15 years and will extensively develop the island through structural changes that allow sustainable development.

Our commitment is for a fully transparent and participatory process. The government alone cannot take credit; it is the work of all the social partners of the country. This plan will serve the nation long after some of us have ended our period of service and moved on, and will be there for generations to come.

HIS VISION FOR THE FUTURE

I would like to see us have first-class services in terms of healthcare and education, among others, and continue on the path we are walking upon—one of stability, tranquility and development. The country has suffered from political division in the past. I hope that, through my term in office, we are able to put differences aside and work toward the collective good. I have tried to depoliticize politics and create a future for generations to come that we can all be proud of, one where our children's children will benefit from our decisions today. In the future, I would like to be able to look back and think to myself, "I had something to do with that."



Getty Images/Image Source



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The Spice of Life



© Dennis Cox / Alamy Stock Photo

If you're looking for something more than sun, sea and sand on your next Caribbean vacation, Grenada should be high on your list. While the country has the traditional tourism triumvirate in abundance—including some of the world's most spectacular stretches of white sand, like picture-postcard Grand Anse—it is a 133-square-mile microcosm of volcanic peaks, cascading rivers and placid lagoons, all just waiting to be discovered.

"Grenada is unique," Prime Minister Keith Mitchell says. "We are a land that has beautiful beaches and, at the same time, mountains with tropical forests and waterfalls. Our ecosystem is diverse and second to none. You can go to the hills, hear the Mona monkeys and be surrounded by unspoiled nature. Most of the Caribbean is known for its beaches, but we have the best and more!"

On the main island, you can trek to the summit of 2,750-foot Mount St. Catherine, the nation's highest point, or set your sights a little lower and explore Grand Etang National Park and Forest Reserve, home to lush rain forests and many of the country's most emblematic species of fauna and flora. Alternatively, head north to 450-acre Levera National Park and look out for rare birds among the mangroves, tropical fish around the coral reefs and nesting turtles on the beaches.

Less than 30 miles away and easily reachable by boat or plane, the proudly traditional and pristine islands of Carriacou and Petite Martinique have a charm all their own. Seven-mile-long Carriacou, known as the "Land of Reefs," is a great place to pull on a snorkel and fins to really get under the surface and experience the life aquatic, while the boatbuilders and fishermen of tiny Petite Martinique can show you another side to the islands' waters.

Wherever you are on Grenada, the enticing aroma of exotic spices is always in the air. At Gouyave, on the west coast of the main island, you can visit the country's last remaining nutmeg processing station and see locals picking out the best pods by hand to dry and package for export. Inland from Tivoli, close to the east coast, take a tour of the 300-year-old Belmont Estate, which continues to produce cocoa and a range of other crops on a working plantation that is also home to acres of splendid formal gardens.

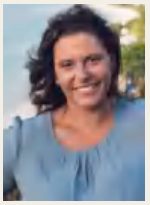
Grenada's colorful capital, St. George's, is home to centuries of history, from French and British defensive forts such as George, Frederick and Matthew to its Catholic cathedral and Anglican churches, all reflecting the country's rich colonial past. At the same time, centered around the horseshoe-shaped Inner Harbour, the town serves as the hub of modern-day Grenadian life and is commonly known as the Portofino of the Caribbean.

The islands also play host to year-round events, such as a world music concert and the heritage-rich Carnival; sporting events including Grenada Sailing Week, the annual Spice Island Billfish Tournament and the Grenada International Triathlon; and—for those who feel that sampling local cuisine is an all-important aspect of any culture—a delicious chocolate festival and even a corn-themed festival on Carriacou.

But what truly sets Grenada apart is the genuine warmth of the locals' welcome and their willingness to go out of their way to help. "Our people are very hospitable and friendly," Prime Minister Mitchell confirms. Egyptian tycoon Naguib Sawiris, who recently began construction work on his multi-million-dollar Silver Sands beachfront resort, agrees: "I fell in love with the island and its people," he recalls. "That's why I made the investment."

PURE GRENADA

Aware how important the tourism industry is to the economy, the Keith Mitchell Administration has concentrated its efforts on that sector since taking office in 2013. In February 2014, the Grenada hotel and tourism association, in collaboration with the Ministry of Tourism and Civil Aviation, launched the "Pure Grenada: The Spice of the Caribbean" brand campaign to differentiate the country from its regional peers, positioning Grenada as a place that remains largely undeveloped and unspoiled.



Alexandra Otway-Noel, Minister for Implementation

Minister for Implementation Alexandra Otway-Noel, who served as Minister of Tourism and Civil Aviation until last December, explains how the rebranding came about. "We needed to refresh ourselves," she says. "It was a tremendous exercise, with assistance and support from the private sector. We encapsulated all that was good about the country. It is a very beautiful, natural island and an off-the-beaten-path destination for the more-discerning visitor."

In his 2015 budget statement, Prime Minister Mitchell pointed to the significant spike in the number of visitors welcomed to the country in 2014, declaring that "our new brand, 'Pure Grenada: The Spice of the Caribbean,' has proven to be invaluable."

PURE GRENADA



Sandals LaSource Resort

Private Sector Creates Growth

Talk to any member of Prime Minister Keith Mitchell's administration and you'll hear the same message: The private sector is vital to securing sustainable growth in Grenada. The U.S. Department of State calls the investment climate "quite liberal," citing new opportunities for foreign investors, access to international trade agreements and the absence of restrictions as evidence of the country's welcoming attitude.

Last year, Grenada attracted nearly 19% more tourists than in 2013, making it the Caribbean's fastest-growing destination. More than 235,000 people came aboard the 156 cruise ships that called at its three ports, while over 133,500 stayed overnight in 2014, a jump of 18% compared to the previous year. Maurice Bishop International Airport receives 340 flights every month, with new routes added constantly.

But visitors are not the only ones showing a surge of interest in Grenada. Investors including Sandals Resorts' Gordon "Butch" Stewart and Egypt's Naguib Sawiris have also set their sights on the country. Sandals LaSource Grenada opened in the capital, St. George's, earlier this year, while Sawiris broke ground on his Silver Sands development on world-famous Grand Anse beach at the start of 2015.

"We need a lot more investment and are working to facilitate this," says Minister of Economic Development Oliver Joseph. "We see the private sector as the main engine of growth, and they have our full support and assistance."

Minister Joseph notes that, aside from tourism, services—particularly financial and education services—have provided the biggest impetus for development over the past couple of years. Agriculture, long the backbone of the economy, has significant potential for growth, such as in processing the country's world-class cocoa at home, as local cooperatives like the Grenada Chocolate Company already do. This processed cocoa is used by the likes of the United Kingdom's Rococo Chocolate to make its range of renowned products.

Crops such as sugarcane are also ripe for transformation into added-value exports, such as rum. Through the Grenada Development Bank, the government has set up a small-business development fund to provide loans to local people to boost activity in the agricultural sector and across the economy, while a draft electricity-supply bill, presented this May, aims to restructure the industry, promote renewables and cut power costs.

Fiscal and other incentives are available to eligible investors who undertake priority investment projects, operate in selected sectors or set up shop in certain areas of the country. In addition to enjoying an exemption from customs duties for equipment, plant and raw materials, investors don't encounter any restrictions on foreign ownership or currency transactions, and capital, dividends and profits can be repatriated tax-free.

Otway-Noel's appointment as Minister for Implementation last year is another sign of the government's proactive approach. "My role is to build a bridge between the private sector and the government to increase efficiency and productivity," she says. "The idea is to open our doors for investors, so they feel free to come to us and we facilitate things moving along. It is a priority to invest time in the private sector; that is where the passion is."

ST GEORGE'S UNIVERSITY

Established nearly 40 years ago, St. George's University (SGU) is Grenada's leading seat of higher education and one of the best-respected tertiary institutions in the Caribbean. It's a true success story, with a dedicated team of professors that has trained one out of every 100 doctors working in the U.S. today. Renowned for its medical and veterinary doctoral programs, the university also offers undergraduate degrees in disciplines including business management, humanities and social sciences.

Affiliated with colleges in the U.S., Canada, the United Kingdom, Ireland and Australia, SGU has awarded over 15,000 degrees to graduates from 140 countries. In the last decade, it has handed out scholarships worth $90 million to Caribbean students. Its 42-acre campus houses 65 buildings, serving three faculties.



© Joshua Yetman/St. George's University

According to Minister Oliver Joseph, SGU contributes 20% of Grenada's GDP, a share set to remain strong as the number of students enrolled climbs every year. Two-thirds of its 5,000-plus medical students hail from the U.S., each paying close to a quarter-million dollars for a four-year degree.

Students and Grenada's government are not alone in appreciating the benefits of SGU. Last August, the school signed a $750 million deal with a group of private-equity investors, although the founders remain the largest single shareholder. Dr. Charles Modica, the university's chancellor, said the investment would help SGU expand its global reach.

"I view the university as a grading indicator for other enterprises that want to come to Grenada," Dr. Modica says. "You can trust the country, you can trust the government and you can trust its people. If you want to do good in the world and make a wise investment, choose a place like Grenada, where they work with you in hard times and good."

www.sgu.edu

DECONSTRUCTING THE TAX-DEFERRED ANNUITY

Did you see that blurb about tax deferral from Prudential Financial? Put $500,000 into a taxable investment making 8% and it will turn into $1.5 million in 20 years, Pru says. Get the same return from an annuity that lets you pay all your tax at the end and you'll wind up with $1.8 million.

Wow! An extra $285,000 at the snap of your fingers. But there's a little problem with these numbers. They leave out fees. They also fail to take into account how annuities convert low-taxed returns from stocks into high-taxed ordinary income.

Let's correct these oversights. In place of Pru's flat 28% tax rate, we'll assume 22% on dividends and capital gains and 42% on other income. We'll keep Pru's optimistic assumption that you can earn 8% a year—before expenses.

Expenses change the picture. If you use the annuity you pay an insurance fee plus the management fee on a fund that your money is invested in. Or you could skip the annuity and get stocks via an index fund like the Schwab U.S. Broad Market ETF.

There are a lot of choices on the Pru menu (some very expensive), but let's give these guys a fighting chance by assuming that their customers aim to keep costs down. Still, if you wrap Pru's least-expensive insurance around its least-expensive stock fund, you're paying 1.6 percentage points a year more to invest than if you had used the ETF.

Key fact: That 1.6-point increment is more than the dividend taxes an annuity lets you defer. Yes, the annuity also defers tax on your appreciation, but you can get that deferral without any assistance from an insurer. All you have to do is sit on the ETF for 20 years.

Recalculated, the numbers come out this way: Prudential turns your $500,000 into $1.2 million. Schwab turns it into $1.8 million.

Would investing in bonds save the annuity? In this case the annuity does not convert low-taxed income into high-taxed income; bond interest is ordinary income either way. But then another problem crops up. With bonds, the 8% return assumption is out of line.

More realistic for fixed income: the 3.6% earned (before expenses) on the Vanguard Intermediate-Term Corporate Bond ETF. Our numbers: Pru turns $500,000 invested in a bond fund into $629,000; Vanguard turns it into $745,000.

Investors are so enraptured by the notion of stiffing the IRS that they put $101 billion into variable annuities in the first nine months of this year. Before joining this crowd, ask yourself two questions: Just what taxes am I avoiding? What fee do I pay to avoid them?

planning is not part of your thinking, the MLP is not the terrific buy you may think it is.

THE LOSS HARVEST ★ ★ ★

Sell your losers and stay out for 31 days, then get back in. Harvest the deduction. What's this strategy worth? A lot, but not nearly as much as some proponents claim.

FORBES can be counted as a booster of loss harvesting; these pages have promoted the strategy for at least 35 years. It works best when you can get in and out at no cost (with no-load funds) or at low cost (with stock trades at a discount broker). It pays, but not as well, when you run up management fees to have the work done for you.

Aperio and Parametric have been helping wealthy investors harvest losses for years. In 2011 Fidelity took semi-automated harvesting to the masses (fee: an incremental 0.3% a year for customers already paying for other investment management). More recently the robotic money managers Wealthfront and Betterment (both on our Fintech 50 list) have joined the ranks of harvest hustlers.

The robo-advisors offer bargain rates for portfolio management (0.15% to 0.35% a year). But be wary of the hyperbole.

A Betterment chart highlights a 1.9% potential annual benefit from the strategy over the period 2000–13. Wealthfront cites a possible 2% annual payout. Both vendors duly caveat their claims with discussions of why your results may differ.

The problem: To justify the big expectations you have to assume, rashly, that you can use any resulting short-term capital losses to offset high-taxed income.

You get that high-bracket offset against up to $3,000 a year of ordinary income. Nice, but that's a meager sum for a wealthy investor. You also get to use harvested short-term losses in unlimited amounts against short-term gains popping up in other accounts. But why would you have those? Tax-wise investors don't sell, impulsively, for a short-term gain.

Consider this possibility: Losses harvested from your securities will be put to use primarily to offset low-taxed long-term gains. If that's the case, their boost to your net worth will be on the modest end of the advertised ranges.

Rational investors do often have long-term gains thrust upon them. These gains may arise from a mutual fund, from a home sale that is not fully protected by the $500,000 (per couple) exclusion or from a winning stock position swept away in an all-cash takeover.

Conclusion: You should harvest losses if you can do that with low transaction costs. You can expect to use most of them because they can be carried forward indefinitely. But you shouldn't count on getting anything like two points of incremental return. F

Tax-Free Transfer

MOVE WEALTH TO THE NEXT GENERATION BEFORE INTEREST RATES RISE.

BY ASHLEA EBELING



ROBERT BABBONI FOR FORBES

Before payment processor Square went public in November, Sarah Friar, the Goldman Sachs alum who serves as its chief financial officer, put 1 million of her shares in a grantor retained annuity trust. Eric Friedman, cofounder and chief technology officer of Fitbit, stuck 2.4 million shares in a GRAT before the fitness-tracking phenom's June IPO. And William Wang, founder and majority owner of HDTV-maker Vizio, which has filed to go public, set up two GRATs this year, each with 450,000 shares (he's trustee of one, his wife of the other).

If you own stock in a startup, GRATs are a terrific way to transfer wealth without paying gift or estate taxes. But even if you don't, your family may be able to benefit from a GRAT—particularly if you act now, before the Federal Reserve starts raising interest rates.

A GRAT works like this: You put stock in a trust that pays you (the grantor) an annuity for a set number of years, typically two to five. What's left after that goes to your beneficiaries, usually your kids. (Facebook cofounders Mark Zuckerberg and Dustin Moskovitz famously put pre-IPO stock into GRATs in 2008 for progeny they didn't yet have.) Here's where interest rates come in: The Internal Revenue Service values the grantor's gift to his beneficiaries based on the size of the annuity he takes back and the rate of return the trust is expected to earn during its term—that rate (known as the 7520 rate) is based on what Treasurys are paying at the time the GRAT is set up.

A popular GRAT variant these days is the "zeroed-out" or Walton GRAT (in honor of Audrey Walton, ex-wife of Wal-Mart cofounder Bud Walton, who won a court case that makes this ploy possible). You set the annuity so that it equals your original contribution to the GRAT, plus earnings at the 7520 rate, reducing the taxable value of your gift to your beneficiaries to $0. The result is that any appreciation of the stock in excess of the 7520 rate is transferred to your beneficiaries without eating into your lifetime exemption from estate and gift taxes, or (if you've used up that exemption) being subject to gift tax.

Here's the urgency: The 7520 rate for GRATs set up this month is just 2%, compared with 6.2% in August 2007, before the Federal Reserve started cutting rates to rescue the economy. Lots of assets—less sexy than pre-IPO Facebook stock—are likely to grow more than 2%.

Suzanne Shier, chief tax strategist at Northern Trust, helped a retired executive set up a four-year GRAT with $40 million of his former employer's stock. Over the four years the stock returned almost 12% a year, transferring $12.9 million to his daughters. You can pay the annuity in stock and, right before the GRAT terminates, substitute cash for the remaining stock, which is what the retired exec did. Why? He had a low basis in the stock and planned to donate it to charity, getting another tax break.

Not every family needs a GRAT, which typically costs a few thousand in legal fees to set up. After all, each person's lifetime exemption from estate and gift taxes is a hefty $5.45 million (as of 2016), so a couple can leave their kids $10.9 million free of federal estate tax without fancy planning.

But 18 states plus the District of Columbia still impose their own death taxes, and 16 of them have lower exemptions than Uncle Sam—some tax the first dollar left to heirs. Moreover, notes Greenwich, Conn. estate lawyer Daniel Daniels, young couples who can't (or don't want to) give away $10.9 million now like the idea that their GRATs will move some of their wealth to their kids should their family win the startup lottery.

2016 INVESTMENT GUIDE

DO IT NOW!

- Make annual gifts of up to $14,000 per beneficiary by Dec. 31. (They won't count against your lifetime estate/gift tax exemption of $5.45 million.)
- Make sure your estate plan reflects the new "portability" provision (made permanent in 2013) allowing spouses to inherit each other's unused exemptions.
- Consider techniques that benefit from low interest rates, including GRATs, intrafamily loans, sales to defective grantor trusts and charitable lead annuity trusts.

Paper Lions

AS NATIONAL AND REGIONAL PUBLICATIONS CRUMBLE, LOCAL NEWSWEEKLIES ARE MAKING A QUIET COMEBACK.

BY ZACK O'MALLEY GREENBURG

On the corner of Oakland and Asheville in Hendersonville, N.C.—behind a used-car dealership where banged-up late-model sedans sport "AS IS" stickers and sub-$4,000 price tags—sits an 812-square-foot trailer that houses what just might be the future of local print journalism.

The Trailer of Truth, as it's known in these parts, is world headquarters of the *Hendersonville Lightning*. The 2,000-circulation, 75-cents-per-issue newsweekly has actually been growing, albeit slowly, every year since it was founded in 2012 by veteran newsman Bill Moss. Sitting at his desk on a cloudy late-autumn afternoon, he unfurls the latest issue.

"The alltime-record-setting 88-pager," says Moss, 61, leafing through pages packed with headlines such as "Bright's Creek to Open Upscale Beretta Gun Club" opposite ads for local retailers like Bargain Barn. "There it is—read it and weep."

There has been much weeping over the media business in recent years. Ravaged by the recession—and the advent of free online news and classified ads—once-mighty dailies like the century-and-a-half-old *Seattle Post-Intelligencer* have moved online exclusively; in 2010 the Washington Post Co. sold *Newsweek* for $1.

The new media landscape includes a few national papers like the *New York Times* and the *Washington Post* up top while the middle—ambitious regional papers and alt weeklies—has disappeared. Hyperlocal newsweeklies can survive at the bottom: the



Trailer of Truth: Bill Moss' *Hendersonville Lightning* is profitable, with 2,000 subscribers.

EVAN KAFKA FOR FORBES

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Azerbaijan

A STRONG FOUNDATION



At the crossroads of Europe and Asia, Azerbaijan borders Russia, Iran, Georgia and Armenia, and spans 500 miles of Caspian Sea coastline. Since attaining independence in 1991, it has prospered from its hydrocarbons wealth under the leadership of President Heydar Aliyev and his son, Ilham Aliyev.

Azerbaijan posted GDP growth of over 20% for three consecutive years until 2008, when the financial crisis erupted. Other industries now increasingly fuel its economy.

In October, the IMF revised GDP growth projections for 2015 to 4%, while projected growth for 2016 stands at 2.5%. Between January and September 2015, growth of the non-oil sector was 6.4% higher than in the same period in 2014.

While oil and gas still account for 95% of exports and 70% of revenues, their contribution to GDP will be less than 35% this year. In February 2015, the Central Bank devalued the manat 34% against the U.S. dollar, to bolster diversification and reinforce Azerbaijan's competitiveness. "Devaluation demonstrated that the economy is still dependent on oil," notes Javanshir Abdullayev, the director of the Azerbaijan Bank Training Center. "The government will have to focus on the development of the non-oil sector, and there is huge room for investment."

"The government is keen to boost exports in other sectors," confirms Natavan Mammadova, the executive director of the American Chamber of Commerce in Azerbaijan. "We need to work on standards to ensure that we can enter U.S. and European markets."

Established in 2000, industrial gases producer Gunesh already supplies big-name brands from overseas, such as BP, Halliburton and Siemens. According to its director, Abdul Habibov, the company is open to investment to help it expand operations while maintaining its reputation for quality.

"If we didn't comply with international standards, we would not work with multinationals," Habibov points out. "If Azerbaijan develops into an open platform for investment, we can gain more opportunities."

A FOCUS ON TECHNOLOGY

Since 2004, Azerbaijan's information and communications technology (ICT) sector has doubled in size every three years, making the nation a regional leader. Internet density already stands at over 73%, twice the global average, and the nation has set a target of 85% for 2018. The mobile marketplace is also booming, with 110% penetration and more than 10 million subscribers.

The industry generated revenues of $1.2 billion in 2015 and now represents over 2% of GDP. Overseas sources have pumped more than $3 billion into the industry in the last three years, according to the European Commission. As part of its "Azerbaijan 2020: Vision for the Future" development plan, the state will invest another $3.6 billion in developing ICT over the next five years.

Bakcell, Azerbaijan's second-largest mobile provider, currently has a 35% market share and serves more than 2.6 million users, but leads the pack in the segment that offers the greatest growth potential. "More data flows across our network than that of either of our



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competitors," Bakcell's CEO, Richard Shearer, confirms. "We have the largest 4G network and the most 4G customers among the three operators."

The company is expanding its 4G coverage from Baku's metropolitan area to other population centers in the country and already sells its own range of Android smartphones. These are often the only means of connection in rural areas. "Research says that a 10% increase in Internet usage is a 1% increase in GDP growth," Shearer adds.

In 2013, Bakcell signed an agreement with Manchester United Football Club to be its official telecom and broadcast partner for the region. The success of that relationship led Bakcell to help broker another deal, this time between the Association of Football Federations of Azerbaijan and the club, to develop the game of soccer in the country.

"We have a very strong partnership with Manchester United," Shearer says. "We're their number one mobile partner globally in terms of activation. So we have a kind of virtuous circle between the three partners, built around sport."

IMPROVING INFRASTRUCTURE

As strategic locations go, it's hard to top Azerbaijan. China's plan to revitalize ancient trade routes to Europe looks set to transform the nation into a regional hub for transcontinental trade and transport. This August, the first container train left Shikhezi in China on a 2,200-mile trial run to Baku International Sea Port in Alyat and took six days to complete the trip, cutting at least three weeks off the previous shipment time via Iran and Georgia.

The Kars-Tbilisi-Baku Railway, slated for completion in 2016, will link Azerbaijan to Turkey and eventually carry an estimated 3 million passengers annually. Over the last decade, Azerbaijan has built more than 6,800 miles of new roads, in addition to upgrading the main arteries that connect the region. In 2014, the nation invested $2.5 billion in infrastructure, with nearly 80% destined for its road network.

AzVirt is one of the companies benefiting from Azerbaijan's development drive. Founded in 1995 as a joint venture between local and German partners, it is now the nation's leading infrastructure contractor, specializing in highways, bridges, airport runways and terminals, as well as materials manufacturing.

AzVirt completed the new terminal at Baku's Heydar Aliyev International Airport in 2014, having delivered a new runway in 2012. The futuristic facility can now handle 6 million passengers a year. The company's next job at home is to lay all the streets in "White City," a 546-acre redevelopment in eastern Baku, and it is venturing beyond the nation's borders to work on large-scale projects such as the highway linking Serbia to Montenegro, scheduled for completion in 2016.

"At the heart of the company is a team of highly qualified professionals possessing extensive experience in road-building infrastructure," says AzVirt's executive director, Kamil Aliyev. "Our goal is to not only realize projects in Azerbaijan, but also expand our activities internationally. What differentiates us is that we complete projects on time and to a high standard."

Section Managers: Rosemary Venn and Christopher French
For more information, contact:
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FUTURE OF MONEY DEFINED

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Lightning boasts margins of 12% to 14% on revenues nearing $300,000, thanks to small-town ad sales and $45 yearly subscriptions. "Papers with thriving retail rural markets are outperforming and growing profits," says Max Heath, the National Newspaper Association's Postal Chair. In New York City, Straus News' free neighborhood papers—*Our Town*, *Our Town Downtown*, the *West Side Spirit* and the *Chelsea News* (combined circulation: 60,000, most delivered to doorman buildings)—are similarly profitable, with annual revenues up 20%.

"It's not a get-rich-quick scheme," says publisher Jeanne Straus, who acquired her city papers for a low seven-figure sum in 2013. "But it's a perfectly good business."

Newsweeklies can be acquired for the price of a vacation home—the going rate is about one times annual sales, a number that ranges from the mid six figures to the low seven figures for publications in the 2,000 to 20,000 circulation range. Though building a new one can be as risky as constructing a sea-level Florida bungalow, it can also pay dividends, financial and otherwise.

Moss learned this lesson through trial and error. He graduated from the University of North Carolina at Chapel Hill with a journalism degree in 1976 and started out as a reporter for the *Marshville Home*, whose namesake had two traffic lights and two newsweeklies. "Two stoplights was the right number for the traffic, but two newspapers was one too many," says Moss. "Mine was the one that didn't make it, which we knew when our paychecks bounced."

2016 INVESTMENT GUIDE

DO IT NOW!

- Contact the National Newspaper Association to see what's on the block.
- For a thin slice, buy shares of Berkshire Hathaway, which owns 71 local papers in ten states.
- Buy shares in NYT or TPUB if you are really bullish on print.

Moss caught on with the nearby *Thomasville Times* and leapfrogged to increasingly large papers before landing at the *St. Petersburg Times*. In 1998 the New York Times Regional Newspaper Group hired Moss to edit the daily *Hendersonville Times News* (now his main competitor). But after 12 years, in the depths of the recession, he was laid off. To pay the bills, he took a job as a consultant "fixing broken newspapers" across the Southeast.

"I would come home on weekends, and people would say, 'Bill, you've got to do something about the news.' 'Do what about the news?'" he recalls saying. "'Have a wreck on the highway? Commit a triple ax murder?'"

On the contrary, his friends suggested he start a paper of his own. The more Moss thought about the idea, the more he liked it. He could write, edit and take photos; he also knew the costs of running a newspaper. Finding investors was another matter, so he decided to take a two-week community college course: How to Write a Business Plan.

In early 2012 he printed 20 copies of his plan at Staples and used them to raise $70,000 from nine investors, adding another $50,000 of his own. That was enough to make his first hires—a few freelance writers, a full-time designer, an advertising director, a part-time distribution associate and himself as publisher and editor—and to secure office space in the Trailer of Truth (current rent: $650 per month). All he needed was a name—and lightning struck.

"Try to forget it," says Moss with a chuckle. "If I said, 'Herald,' maybe. If I said, 'Observer,' maybe ... but 'Lightning'—you remember that."

The first issue, a 40-pager, debuted on May 9, 2012. Moss quickly picked up 1,150 paid subscriptions and launched a free website. Today his hyperlocal focus allows him to charge shops and restaurants up to $500 for a full-page ad; government agencies and law firms pay $1.18 per line for notices, while classified ads run $8 for 25 words. It adds up: On top of his $60,000 salary, his 60% ownership in the paper—and this year's expected sales of $300,000—means Moss should take home close to six figures.

To be sure, the media landscape is littered with examples of failed publications of all sizes, and even plucky newsweeklies have been unable to return to their pre-2008 heights. Networks like Patch.com have tried, with little success, to take over the hyperlocal news game by hiring freelancers to crank out 250-word stories remotely. Says Straus: "Local news, done well, is not scalable."

"You've really got to go out and meet the people," adds Kyle Pope, a *Wall Street Journal* veteran who now edits Straus' Manhattan papers. "It's not like, 'Let me read the Twitter accounts of the five people who are big shots in the neighborhood and write a story about it.' Which is, frankly, what some of these online outlets do."

Buying or starting a local newsweekly isn't for the faint of heart (or wallet). But for someone looking to shift a modest portion of assets into something fulfilling and potentially profitable, it's still probably a better business proposition than opening a restaurant or an antique store—especially if financial rewards aren't the only goal.

"Reporting is the most important thing," says Moss. "And if I go out of business, I go out of business. But that's what I think about when I wake up."

DANIEL HERTZBERGER FOR FORBES

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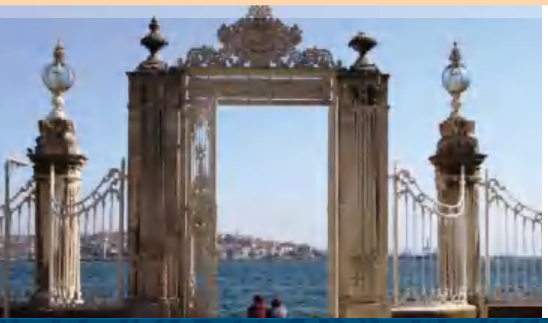
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Real Estate For the Ages

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BY NATHAN VARDI



When Christopher Merrill first started telling potential investors ten years ago that he wanted to put their money in student housing, he raised a few eyebrows. "Some could only picture *Animal House*," says Merrill, who has been investing in real estate since 1993. But check out the $40 million property Merrill developed one block west of the University of Arizona campus. There is a rooftop pool, a fitness area and a business center—and 164 units with designer furniture, quartz countertops, stainless steel appliances and in-unit washers and dryers. The place charges $900 a month per bed, with apartments sleeping between one and five students. "Safe, well-lit, gated communities—parents won't pay enough for that," Merrill says.

The private equity firm Merrill cofounded in 2005, Harrison Street Real Estate Capital, invests in student housing as part of a real estate strategy that is exclusively focused on demographic trends. For Millennials, dorms and student apartments are the target; for those in the "accumulation" stage of life, self-storage is a great bet; and aging boomers are driving a boom in health-care-related real estate.

"These are need-based real estate investments where occupancy is not driven all by economic cycles," says Merrill, CEO of the $8 billion (assets) Chicago-based asset manager. "One investing mistake people make in real estate is being tied to the economic cycle."

Innovative approaches to real estate finance are old hat for Merrill, 44. During the 1990s he kicked off his investing career making bets on central European real estate in the years following the fall of the Berlin Wall. When he returned to the U.S. in 2000, he realized that noncyclical events—like a wave of new capitalists in the Eastern bloc—make the best investment catalysts. He honed in on areas like self-storage and student housing, which had not traditionally attracted serious institutional investment. In 2005 he founded Harrison Street with former Motorola CEO Christopher Galvin and his brother, Michael, both grandsons of Motorola's founder.

Merrill's theory was that he could get higher risk-adjusted returns investing in asset classes that were hard to access and were fragmented—those would be more shielded from economic downturns than traditional real estate properties. Even in bad times, people send their kids to college and their parents to assisted-living facilities. What he didn't realize was that this investment thesis would be put to the test practically from the get-go with the massive real estate bust of 2008, just a few years after Harrison Street had opened its doors.

"The financial crisis was a tough time to start a business, but it highlighted our strategy," says Merrill. "We didn't make a lot of money, but we preserved capital." In U.S. student housing, for example, occupancy remained at 93% during the recession while REITs that invested more broadly in apartments had high vacancies and lost money. Storage did well, too. The cash flows of California's Public Storage, for example, were so resilient that it became one of the largest publicly traded global REITs during the crisis as the shares of other REITs crashed.

Merrill's returns have proved his thesis. Harrison Street's opportunity funds targeting capital appreciation have posted an internal rate of return of 25% over their life spans on all realized investments. Its Core Fund, designed for income, has yielded 5.98% since inception, compared with 5.14% for its benchmark index. While his fund is open only to institutions and wealthy investors, individuals can simulate



Dorms, doctors' offices and storage lockers are a few of asset manager Chris Merrill's favorite things.

JEFF SCIORTINO FOR FORBES



FUTURE OF MONEY DEFINED

Shark Tank Effect \'shärk-tank-i-'fekt\ *n* Everyone will be a venture capitalist. Newly liberalized laws and a slew of matchmakers online will let anyone invest in small businesses around the world, no matter your income or net worth.

his general approach by building a portfolio of REITs that specialize in the noncyclical sectors he invests in. Incorporating demographics into real estate investing is nothing new, but with interest rates near zero and the current economic expansion in its seventh year, jumping on inexorable long-term trends—like retirement homes for an aging population—is an excellent way to shield your income from a downturn.

Right now Merrill's biggest focus is health care, where he has invested 50% of his portfolio, largely in senior housing. Merrill avoids active adult communities—those live-in country clubs aimed at empty nesters—because he believes if the economy turns, those folks might stay in their current homes. He also doesn't like skilled nursing facilities because of their financial peculiarities. His sweet spot is assisted-living facilities that provide intermediate-level care for seniors who have trouble with daily activities. He also likes projects that deliver Alzheimer's or "memory" care. Few will stop caring for a parent with dementia just because the economy turns ugly.

The rest of Merrill's health care portfolio consists of medical office buildings, an area he thinks will benefit from rising medical expenses, the move of services away from hospitals and ObamaCare, which has already created 18 million more insured Americans. "Before, uninsured doctor visits were handled in the emergency room," says Merrill. "More insured people means more business to doctors, and consolidation in physician groups means credit in medical buildings is getting stronger."

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- Inject a dose of medical office buildings into your portfolio with Healthcare Trust of America (HTA), yielding 4.5%.
- Sock it away, and earn 3.2%, in Sovran Self Storage (SSS).
- Sleep well with 4% dividends from dorm REIT American Campus Communities (ACC).

After a five-year bull run during which U.S. health care REITs doubled, 2015 has been dismal. Thanks to rate fears, the sector has recently traded at a discount to net asset value. Also, institutional money has flooded into the sector chasing returns, so competition has eroded its profitability.

Kevin Tyler, a health care analyst at Green Street Advisors, prefers REITs that are largely exposed to medical offices, like Healthcare Trust of America. "Physicians are pretty sticky, they tend to stay in their offices, and what the REITs own tend to be right next to or affiliated with a hospital, so it's not like owning a single-physician practice in the suburbs," Tyler says.

Self-storage is another cash machine. Demand for storage rooms, lockers and containers is often the result of life events, like moving or becoming an empty nester. It's great insurance against a recession. In fact the sector benefits during recessions because it often forces small businesses to use storage lockers as temporary inventory warehouses during downsizing.

Five-year returns for most storage REITs have been stellar. Utah's Extra Space Storage, for example, has returned 500% to shareholders since 2010, and it continues to pay a 3% dividend yield. Thomas Bohjalian, manager of Cohen & Steers' $25 billion U.S. real estate portfolio, continues to overweight self-storage.

The wave of institutional money looking for life-stage investments is likely to grow. Martha Peyton, who manages a portion of TIAA-CREF's $89 billion in real estate assets, recently reported that her firm is creating its own strategy devoted to student-housing assets. "Universities are creating dependable demand," says Peyton. "It's attractive because the schools themselves don't have deep pockets anymore, and they are looking at the private sector."

Merrill couldn't agree more. His firm already owns residences adjacent to 80 different colleges. Public universities are his favorite because they are more likely to be cash-strapped, and these schools typically house only about 30% of their students on campus. "We are not focused on private schools where education is expensive," says Merrill. "In tougher times people are going to move from them to public schools."

To this end Harrison Street recently paid $1.9 billion to take private Campus Crest Communities in Charlotte, N.C. With more than 75 housing properties near large public universities, Campus Crest is a leader in swanky, fully furnished off-campus dorms. Despite its claim to having "Harvard-style" libraries, its 41 Grove apartment complexes, near the likes of Auburn and Penn State, scream not the filth of *Animal House* but the entitlement of *Entourage*. In a promotional video entitled "Life at the Grove Is Dope," shirtless frat boys play beach volleyball and poolside beer pong, while bikini-clad coeds visit the facility's tanning booth and coffee bars, and mix around the outdoor fire-pit, all while a rock song croons "where it's Friday night forever."

With 90% occupancy levels and healthy revenue per bed, it's music to Merrill's ears: "I love an asset class that can preserve capital in a down market." F

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WEALTH MANAGEMENT 2016 AND BEYOND

AS ADVISORS AGE, THE FINANCIAL INDUSTRY CONSIDERS HOW TO EMBRACE THE FUTURE

Getting older is a fact of life—one that's hitting the financial advisory particularly hard at the moment. The average advisor is 49.2 years old, and more than a third of those in the industry are age 55 or older, according to Cerulli Associates. The rapidly graying population of advisors poses problems for the industry, but it may offer opportunities as well.

Commitment to Training

When the current cohort of financial advisors begins to enter retirement, they'll take their accumulated experience and expertise with them. That's why advisory firms are increasingly focused on finding ways to pass that knowledge along to the next generation of advisors. But as older advisors are planning their retirements, there's a shortage of young people entering the field. That means firms find themselves competing for the best candidates. In order to compete, "you really have to commit resources of both time and money to mentorship and education," says Doris Dollar-Kuretich, founder of Garden Ridge, Tex.-based Dollar Wealth Management. That may mean paying for junior colleagues to take classes or exams to further their financial education. While that investment of time and money may add up, "it's worth it when you consider that you're helping secure your clients' legacy," Dollar-Kuretich says.

Ease Succession With Firm Structure

The profession's evolving demographics also are affecting the ways firms structure themselves. "I think we'll continue to see bigger team practices as a way to build succession planning into the business," says Ameriprise financial advisor Gisella Tomasio, who is based in Chicago, Ill. Taking on junior associates can help pave the way toward succession. But that's not the only benefit that younger advisors can provide: "Younger advisors are often energetic and

Continued

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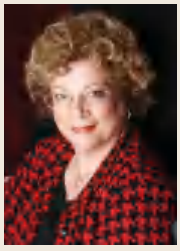
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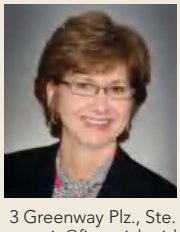
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willing to go the extra mile," says Maggie Medina, an LPL financial advisor and president and CEO of San Diego, Calif.-based MCM Wealth Advisors. "They're tech-savvy, and they have an easier time connecting with millennials, the people who are going to be the future of investing." While larger companies often have an on-boarding and training program in place, smaller independent firms have to come up with their own systems for mentoring the next generation.

Train Next-Gen Clients, Too

Connecting with younger investors will be essential in the decades to come. "You have to train up the next generation of advisors within the firm so there is continuity. But you also have to train up the next generation of clients," says Mark Trewitt, managing partner of Plano, Tex.-based Integrated Financial Solutions Group.

Despite the challenges it presents, the financial industry's demographic shift may be a boon for some advisors. "I think there will always be a demand for advisors who provide comprehensive financial planning and wealth management," says Thomas Foster, associate vice president at Morgan Stanley Wealth Management. With older advisors beginning to retire, the practices that plan ahead and successfully make the transition to the next generation stand poised to capitalize from a more benign competitive landscape.



Maggie Medina

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Maggie Medina brings 20+ years of financial and investment experience to MCM Wealth Advisors Inc., a company she founded in 2014. Her inspiration came from the desire to provide boutique financial advice tailored to her clients. MCM Wealth Advisors is a full-service independent firm, offering unbiased advice and portfolio management for multi-generational families and business nationwide and internationally. Examples of her advisory services are the following: successful

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The Intersection of Family, Faith and Finance

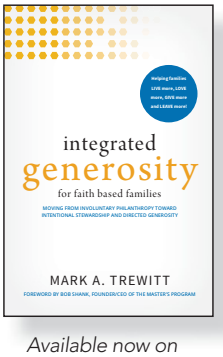
Mark Trewitt, Managing Partner for Plano, TX based Integrated Financial Solutions Group, has added one more item to his impressive list of professional list of credentials – "author". The recently completed manuscript ***Integrated Generosity for Faith Based Families – Moving from Involuntary Philanthropy toward Intentional Stewardship and Directed Generosity*** is the culmination of the experience gathered over a 34 year career in financial services. If yours is a family of Christian faith (a broader perspective "secular" edition of the book is due out toward the latter part of 2016) you owe it to yourself and your family to get a copy of this impactful manuscript. Even if you never meet Mark in person, you can benefit from the wisdom he brings to the table.

"The principals or 'precepts' found within ***Integrated Generosity*** live at the intersection of family values, personal faith, and finance". Driven by his own family's experience – an estate tax bill of almost a half-million dollars – that was, as Mark puts it, an "involuntary extraction of wealth that was more than the investment gains realized over several decades by my step-Grandmother", Mark has incorporated numerous real-life examples of good and bad outcomes, providing readers with inspiration and motivation to be certain that their family's outcomes do not fall prey to ignorance, apathy and a lack of planning.

A seasoned veteran with over three decades in financial services and founder of a boutique investment and financial services firm, Mark leads the other advisors and the staff Integrated Financial Solutions Group to provide, as the name implies, "integrated financial solutions" to their clientele. Identification of and avoiding unfortunate tax outcomes is what has led to a 360-degree process which identifies problems going forward – specifically estate taxes, one form of "involuntary philanthropy".

The process also identifies missed opportunities, looking back over 3 years of tax returns to see where income taxes – the other form of "involuntary philanthropy" – could have been reduced, with the savings applied to wealth transfer solutions. Whether the focus is investments, retirement planning or estate planning, the process starts with in depth client interviews to identify where "financial pain" exists, and then developing a plan to remedy the root causes of concern, as opposed to just dealing with the symptoms.

As Mark puts it "Estate taxes are a perfect example. Many families of wealth with estate tax exposure have measures in place – such as life insurance – to deal with the payment of tax. It never ceases to amaze me the number of 50M to 100M+ estates we come across where they have not dealt with the root cause – growth assets within the estate. Nor have they come to the realization that estate taxes tewardshipare 100% voluntary. Any solution directed toward 'paying the tax', without exploring methods to eliminate the tax, is nothing more than an installment payment plan to the IRS".



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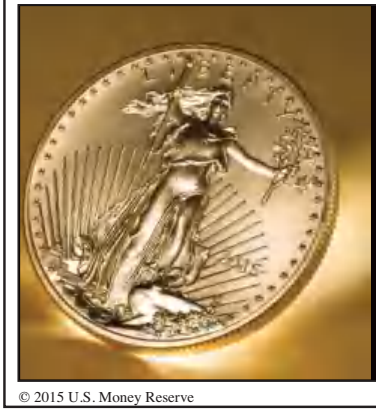


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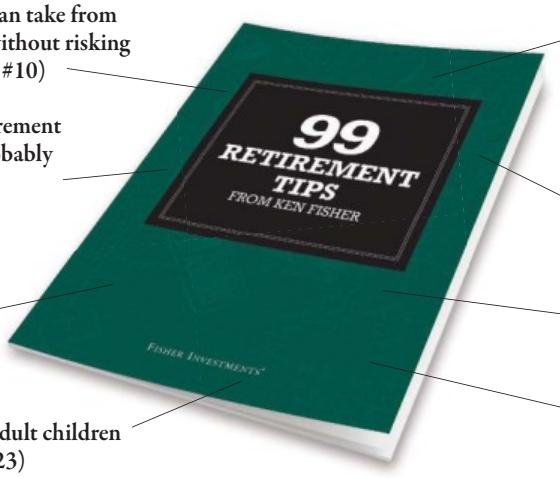
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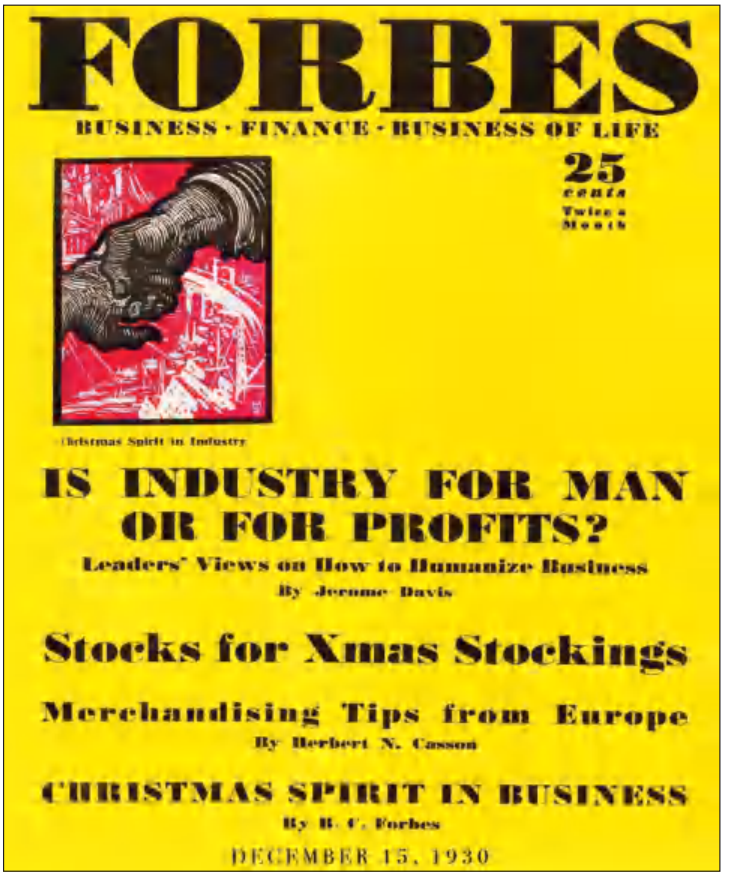
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The wicked flee when no man pursueth, but the righteous are as bold as a lion. **—PROVERBS 28:1**

The good has rightly been declared to be that at which all things aim. **—ARISTOTLE**

How far that little candle throws his beams! So shines a good deed in a naughty world. **—WILLIAM SHAKESPEARE**

Virtue is the fount whence honor springs. **—CHRISTOPHER MARLOWE**

It's too bad I'm not as wonderful a person as people say I am, because the world could use a few people like that. **—ALAN ALDA**

Sin, young man, is when you treat people like things. **—TERRY PRATCHETT**

That action is best, which produces the greatest happiness for the greatest numbers. **—FRANCIS HUTCHESON**

I am strongly in favor of common sense, common honesty and common decency. **—H.L. MENCKEN**

I am so absorbed in the wonder of the earth and the life upon it that I cannot think of heaven and angels. **—PEARL S. BUCK**

Remember your humanity, and forget the rest. **—BERTRAND RUSSELL**

SOURCES: NICOMACHEAN ETHICS, BY ARISTOTLE; AN INQUIRY INTO THE ORIGINAL OF OUR IDEAS OF BEAUTY AND VIRTUE, BY FRANCIS HUTCHESON; THE TIMES BOOK OF QUOTATIONS; THE MERCHANT OF VENICE, BY WILLIAM SHAKESPEARE; GOODREADS.COM; TAMBURLAINE THE GREAT, BY CHRISTOPHER MARLOWE; CARPE JUGULUM, BY TERRY PRATCHETT.

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